INFORMATIONAL DOCUMENT

Merger by incorporation of
Sanpaolo IMI S.p.A.
with and into Banca Intesa S.p.A.

Banca Intesa

SANPAOLO IMI

The Banca Intesa securities referred to herein that will be issued in connection with the merger described herein have not been, and are not intended to be, registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold, directly or indirectly, into the United States except pursuant to an applicable exemption. The Banca Intesa securities will be made available within the United States in connection with the merger pursuant to an exemption from the registration requirements of the Securities Act.

The merger described herein relates to the securities of two foreign (non-U.S.) companies and is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under U.S. federal securities laws, since Banca Intesa and Sanpaolo IMI are located in Italy, and some or all of their officers and directors may be residents of Italy or other foreign countries. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that Banca Intesa may purchase securities of Sanpaolo IMI otherwise than in the merger, such as in open market or privately negotiated purchases.

You should be aware that Sanpaolo IMI may purchase securities of Banca Intesa otherwise than in *the* merger*, such as in open market or privately negotiated purchases.*

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. and their combined businesses after completion of the merger. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates" and similar expressions. Although the managements of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. to CONSOB and under "Risk Factors" in the annual report on Form 20-F for the year ended December 31, 2005 filed by Sanpaolo IMI S.p.A. with the SEC on June 29, 2006. Except as required by applicable law, neither Sanpaolo IMI S.p.A. nor Banca Intesa S.p.A. undertakes any obligation to update any forward-looking information or statements.

This is an English translation of the original Italian document. This translation has been prepared solely for the convenience of the reader. The original version in Italian takes precedence.

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INFORMATIONAL DOCUMENT

PREPARED PURSUANT TO ART. 70, PAR. 4, OF THE CONSOB REGULATION APPROVED WITH RESOLUTION NO. 11971 DATED 14TH MAY 1999, AND SUBSEQUENT AMENDMENTS, RELATIVE TO THE

MERGER
BY INCORPORATION OF
SANPAOLO IMI S.P.A.
WITH AND INTO
BANCA INTESA S.P.A.

Banca Intesa Extraordinary Shareholders' Meeting 30th November/1st December 2006

Sanpaolo IMI Extraordinary Shareholders' Meeting 30th November/1st December 2006

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Financial highlights as at 30th June 2006

(in millions of euro)

	Gruppo Intesa	Gruppo Sanpaolo IMI	Adjustments [a]	New Group (Pro Forma) [b]
Statement of income (in millions of euro)				
Net interest income	2,640	2,434	-415	4,659
Net fee and commission income	1,845	1,643	-291	3,197
Net income from banking and insurance activities	4,825	4,062	-694	8,193
Operating expenses	-2,713	-2,352	368	-4,697
Income (Loss) before tax from continuing operations	2,241	1,769	-330	3,680
Parent Company's net income (loss)	1,476	1,140	-191	2,425
Balance sheet (in millions of euro)				
Financial assets held for trading	51,160	21,645	-3,268	69,537
Loans to customers	176,023	147,330	-21,504	301,849
Total Assets	280,197	270,243	-3,909	546,531
Due to customers and securities issued	193,761	146,518	-19,582	320,697
Group's shareholders' equity	16,832	13,949	20,255	51,036
Indicators per share				
Total number of shares [c]	6,948,079,223	1,874,856,336		12,788,256,710
Net income per share (euro)	0.21	0.61 [d]		0.19
Shareholders' equity per share (euro)	2.42	7.44 [d]		3.99

(a) The column includes the spin-off of assets to be sold to Crédit Agricole S.A., intergroup eliminations and merger adjustments.

(b) For the illustration of the criteria for the preparation of pro-forma figures please refer to chapter 5.

(c) The number does not include any Sanpaolo IMI shares issued after 30th June 2006, or that may be issued by the date the merger becomes effective, pursuant to the exercise of the options provided for by the Sanpaolo IMI Stock option plan.

(d) Net income and shareholders' equity per share of Sanpaolo IMI shares, considering the exchange ratio of 3.115 newly-issued Banca Intesa shares for each Sanpaolo IMI share held, would respectively be equal to 0.20 and 2.39 euro.

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Contents

List of attachments

Explanatory Report pursuant to art. 2501-*quinquies* of the Italian Civil Code of the Board of Directors of Banca Intesa S.p.A.

Explanatory Report pursuant to art. 2501-*quinquies* of the Italian Civil Code of the Board of Directors of Sanpaolo IMI S.p.A.

Plan for the merger pursuant to art. 2501-*ter* of the Italian Civil Code.

Articles of Association of the Surviving Company.

Financial statements pursuant to art. 2501-*quater* of the Italian Civil Code relative to Banca Intesa S.p.A.

Financial statements pursuant to art. 2501-*quater* of the Italian Civil Code relative to Sanpaolo IMI S.p.A.

Report on the adequacy of the exchange ratio pursuant to article 2501-*sexies* of the Italian Civil Code, prepared for Banca Intesa S.p.A. by KPMG S.p.A.

Report on the adequacy of the exchange ratio pursuant to article 2501-*sexies* of the Italian Civil Code, prepared for Sanpaolo IMI S.p.A. by PricewaterhouseCoopers S.p.A.

Report on the estimate of the exchange ratio prepared for Banca Intesa S.p.A. by Prof. A. Provasoli.

Report on the estimate of the exchange ratio prepared for Banca Intesa S.p.A. by Banca Leonardo S.r.l.

Report on the estimate of the exchange ratio prepared for Banca Intesa S.p.A. by Merrill Lynch International.

Report on the estimate of the exchange ratio prepared for Sanpaolo IMI S.p.A. by Citigroup.

Fairness opinion prepared for Banca Intesa S.p.A. by Prof. P. Iovenitti as concerns the sale of assets to Crédit Agricole S.A.

Fairness opinion prepared for Sanpaolo IMI S.p.A. by Prof. E. Filippi and Prof. C. Pasteris as concerns the sale of assets to Crédit Agricole S.A.

Reports of the Independent Auditors Reconta Ernst & Young S.p.A. concerning the examination of the pro-forma consolidated financial statements of Companies involved in the merger.

Report of the Independent Auditors Reconta Ernst & Young S.p.A. on forward-looking statements.

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Introduction

This Informational Document has been prepared and is published jointly by Banca Intesa S.p.A. (hereafter also "**Intesa**" or **"Surviving company"**) and Sanpaolo IMI S.p.A. (hereafter also "**Sanpaolo**" or **"Company to be merged"**) for the purpose of providing their shareholders and the market extensive and detailed information regarding the merger of Sanpaolo with and into Intesa; the merger, which has been resolved upon by the respective Boards of Directors on 12th October 2006, will be submitted to the approval of the Extraordinary Shareholders' Meetings of the same Companies, called on 30th November and 1st December 2006 respectively on first and second call.

This Informational Document, prepared according to provisions contained in attachment 3B pursuant to art. 70, par. 4, of the Consob regulation approved with resolution no. 11971 of 14th May 1999 and subsequent amendments and integrations (hereafter also "**Issuer regulations**"), was notified to Consob - Commissione Nazionale per le Società e la Borsa - and Borsa Italiana S.p.A. and is available for the public, both in Italian and in the English translation, at the Registered office of Intesa in Milano, Piazza Paolo Ferrari, 10 and at the Registered office of Sanpaolo in Torino, Piazza San Carlo, 156, as well as on the websites of Intesa www.bancaintesa.it and Sanpaolo www.grupposanpaoloimi.com.

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1. RISK FACTORS

a. Law and regulation applicable to the merger described in this Informational Document.

The merger described in this Informational Document (the **"Informational Document"**) is subject to the provisions of article 2501 and following of the Italian Civil Code as well as of articles 70 and 90 of the Italian Issuer Regulations. In addition the merger is subject to provisions of articles 56 and 57 of the Legislative Decree no. 385 dated 1st September 1993 **"Combined Banking Regulations"** ("Testo Unico delle Leggi in materia bancaria e creditizia", hereafter "**TUB**").

The Bank of Italy authorised the merger by Decision no. 1123537 issued on 25th October 2006; therefore on 30th October 2006 the plan for the merger has been registered at the relevant Company Registers pursuant to art. 57, par. 2, of TUB.

b. Corporate Governance applicable to the Surviving Company

The Extraordinary Shareholders' Meeting of Intesa, which is called to approve the plan for the merger, shall also resolve upon the approval of new Articles of Association which includes, among other provisions, the adoption of a dual corporate governance system, in accordance with article 2409-*octies* and following of the Italian Civil Code.

c. Risks and uncertainties connected to the consummation of the merger

The merger is conditional upon the release of the authorisation pursuant to art. 16 of Italian Law no. 287 of 10th October 1990 "**Competition and fair trading act**".
Following the consolidation of the market shares of Intesa and Sanpaolo, the authorisation pursuant to the aforementioned rule may be conditional upon compliance with specific obligations by the Surviving Company, such as in particular the sale of branches and/or other business units.

The merger entails, among other issues, the need to convert the IT systems and the operating model to a single reference model. This process presents the typical risks of business combinations, included the risk that the integration does not occur in the set time frame and means. However, it must be noted that in the last few years both Intesa and Sanpaolo managed various, significant merger processes acquiring the necessary, specific competencies.

To minimise the risks deriving from the integration of the platforms, a specific organisational structure will be formed for this project and will be dedicated to ensure the quality of oversight on the migration of the administrative data of customers and specific operational risk mitigation processes will be introduced, such as for example:

- the adoption of simulation/test procedures for every single migration event, to prevent and correctly address any critical issues;
- the adoption of checks and certifications of data of migrated customers.

d. Further risks and potential liabilities

As concerns the risk profile of the activities of Intesa, please refer to the disclosures in the Annual report 2005 and updated disclosures in the Consolidated financial statements as at 30th September 2006 approved on 14th November 2006, as well as the Registration Document filed with Consob on 15th May 2006: the aforementioned documents are available on the website of Intesa www.bancaintesa.it.

As concerns the risk profile of the activities of Sanpaolo, please refer to the disclosures in the Annual report 2005 and updated disclosures in the Consolidated half-year report as at 30th June 2006, approved on 12th September 2006 as well as well as the Registration Document filed with Consob on 18th September 2006 and the annual report on Form 20-F for the year ended 31st December 2005: the aforementioned documents are available on the website of Sanpaolo www.grupposanpaoloimi.com.

e. The risk of reduced liquidity of Sanpaolo American Depositary Shares.

Sanpaolo has outstanding American Depositary Shares (the "**Sanpaolo ADSs**") issued by JPMorgan Chase Bank (the "**ADS Depositary**"), the depositary administering the American Depositary Receipt ("**ADR**") program of Sanpaolo. Each Sanpaolo ADS represents two ordinary shares of Sanpaolo. The Sanpaolo ADSs are currently listed on the New York Stock Exchange. To effect the merger of Sanpaolo into Banca Intesa, the ordinary shares underlying the Sanpaolo ADSs will be exchanged for ordinary shares of the Surviving Company represented by American Depositary Shares denominated in U.S. dollars (the "**Surviving Company ADSs**") based upon the exchange ratio (as described in greater detail in section 2.1.2 below).

The Surviving Company has decided not to list the Surviving Company ADSs on the New York Stock Exchange. In addition, following and in connection with the consummation of the merger, the Sanpaolo ADSs will cease to exist and will no longer be listed on the New York Stock Exchange. As a result, the ordinary shares of the Surviving Company will, following the merger, be listed exclusively on the Mercato Telematico Azionario of the Italian Stock Exchange ("Telematico"). In the United States the Surviving Company ADSs will only be eligible for trading "over-the-counter" since they will not be listed on any U.S. stock exchange. As a consequence, Sanpaolo ADS holders are cautioned that the Surviving Company ADSs may be illiquid. The lack of an active and liquid trading market in the Surviving Company ADSs could therefore make it more difficult to sell such ADSs.

The Surviving Company may, at any time, including immediately following the consummation of the merger, terminate the ADR program with respect to the Surviving Company ADSs. Termination of the Surviving Company's ADR program could further restrict the liquidity of the Surviving Company's ordinary shares in the United States.

As a result of the decision not to list the Surviving Company ADSs on the New York Stock Exchange or in the event of any decreased liquidity due to the termination of the Surviving Company ADR program, U.S. resident holders of the ordinary shares of the Surviving Company ADSs may be required to sell such shares on the Telematico which could be more time consuming and costly for such holders than settling trades in Surviving Company ADSs.

f. Trading Activities in Intesa shares by Intesa and Sanpaolo (under Regulation M under the U.S. Securities Exchange Act of 1934)

Since the announcement of the merger, Intesa and certain of its affiliates as well as Sanpaolo and certain of its affiliates have each independently engaged and intend to continue to engage in various dealing and brokerage activities involving ordinary shares of Intesa as well as derivatives relating to such ordinary shares or in indices including such shares (collectively, the "**Intesa Shares**"), in each case outside the United States.

Certain mutual fund management companies, pension fund management companies, asset management companies and insurance companies that are affiliates of Intesa have purchased and sold, and intend to continue to purchase and sell, Intesa Shares as part of their ordinary investing activities and/or as part of the investment selections made by their clients. Intesa and its affiliates have also engaged, and intend to continue to engage, in dealings in Intesa Shares for their accounts for the purpose of hedging their positions established in connection with certain derivatives activities relating to Intesa Shares, as well as to effect unsolicited brokerage transactions in Intesa Shares with their customers. These activities occurred and are expected to continue to occur in Italy, elsewhere in Europe and elsewhere outside the United States.

Certain mutual fund management companies, pension fund management companies, asset management companies and insurance companies that are affiliates of Sanpaolo have purchased and sold, and intend to continue to purchase and sell, Intesa Shares as part of their ordinary investing activities and/or as part of the investment selections made by their clients. Sanpaolo and certain of its affiliates have also engaged, and intend to continue to engage, in dealings in Intesa Shares for their accounts and the accounts of their customers for the purpose of hedging their positions established in connection with certain derivatives activities relating to Intesa Shares, as well as to effect unsolicited brokerage transactions in Intesa Shares with their customers. These activities occurred and are expected to continue to occur in Italy, elsewhere in Europe and elsewhere outside the United States.

2. INFORMATION REGARDING THE MERGER

2.1 BRIEF DESCRIPTION OF THE TERMS AND CONDITIONS OF THE MERGER

2.1.1. Description of the companies involved in the merger

Surviving company
Banca Intesa S.p.A.

Legal status and information regarding the Company
- Joint stock corporation established 1925 by deed of incorporation dated 10th October 1925, no. 17272 of the Repertory of the Notary Public Baldassarre Conti of Livorno;
- Milan Company Register and Fiscal Code 00799960158;
- VAT Code 10810700152;
- Company registered in the National Register of Banks under no. 5361;
- Parent Company of "Gruppo Intesa", included in the National Register of Banking Groups under no. 3069;
- Company member of the National Interbank Deposit Guarantee Fund and the National Guarantee Fund.

Registered office
Intesa has its registered office in Milan, Piazza Paolo Ferrari, 10.

Corporate purpose
The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, also through its subsidiaries. The Company may, in compliance with laws and regulations applicable from time to time and subject to the obtaining of the required authorisations, also through its subsidiaries, provide all banking and financial services, including the establishment and management of open-end and closed-end supplementary pension schemes as well as carry out any other transactions that are instrumental for, or related to, the achievement of its corporate purpose.
As Parent Company of "Gruppo Banca Intesa" (or, as abbreviated, "Gruppo Intesa"), banking group, pursuant to Art. 61 of Legislative Decree no. 385 dated 1st September 1993, the Company issues, in connection with its management and coordination capacity, instructions to the companies of the Intesa Group, including with respect to the implementation of the instructions of the Bank of Italy in the interest of the Intesa Group's stability.

Legislation and Competent Court
Intesa is incorporated and operates under Italian law.

Share capital
At the date of this Informational Document, Intesa's subscribed and paid-in share capital amounts to 3,613,001,195.96 euro, represented by 6,948,079,223 shares with a nominal value of 0.52 euro each, comprising 6,015,588,662 ordinary shares and 932,490,561 non-convertible saving shares (hereafter also "**n.c. saving shares**").

The Extraordinary Shareholders' Meeting held on 17th December 2002 attributed to the Board of Directors the power to increase the share capital, pursuant to Art. 2443 of the Italian Civil Code, one or several times, within a five-year period for a maximum amount of 52,000,000.00 euro (now 61,653.28 euro) through the issue of a maximum of 100,000,000 (now 118.564) ordinary shares of nominal value 0.52 euro each, to be offered for subscription to employees of the Company and of subsidiary companies subject to the control of the Company to service a Stock option plan.

At the date of this Informational Document such Plan has been fully subscribed and the Extraordinary Shareholders' Meeting called to approve the plan for the merger will also be called to resolve upon the revocation of the resolution dated 17th December 2002 for the unexecuted part of the authorised share capital increase.

Intesa's ordinary and n.c. saving shares are listed in Italy on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.

Treasury shares
At the date of this Informational Document the Company does not directly own any treasury shares.

Corporate bodies

Board of Directors
At the date of this Informational Document, the Board of Directors – in compliance with the provisions of art. 14 of the Articles of Association – is composed of 19 members. Directors remain in office for three financial years and may be re-appointed.
The Shareholders' Meeting held on 13th January 2004 appointed the Directors for the financial years 2004-2005-2006.
The current composition of the Board of Directors is set out below, indicating also the members of the Executive Committee (*):

Function	Name and Surname	Place and date of birth
Chairman	Giovanni Bazoli (*)	Brescia - 18/12/1932
Deputy Chairman	Giampio Bracchi (*)	Piacenza – 27/01/1944
Deputy Chairman	René Carron	Yenne (France) – 13/06/1942
Managing Director and CEO	Corrado Passera (*)	Como – 30/12/1954
Director	Giovanni Ancarani	Fusignano – 21/07/1933
Director	Francesco Arcucci	Parma – 29/01/1942
Director	Benito Benedini	Milano – 28/10/1934
Director	Antoine Bernheim	Paris (France) – 04/09/1924
Director	Jean Frédéric De Leusse	Boulogne Billancourt (France) – 29/10/1957
Director	Gilles De Margerie	Neuilly sur Seine (France) – 30/08/1955
Director	Ariberto Fassati (*)	Milano – 04/08/1946
Director	Giancarlo Forestieri (*)	Ravenna – 14/09/1946
Director	Paolo Fumagalli	Busto Arsizio – 24/06/1960
Director	Giangiacomo Nardozzi	Bologna – 30/10/1943
Director	Georges Pauget	Rumilly (France) – 07/06/1947
Director	Eugenio Pavarani	Parma – 12/09/1949
Director	Giovanni Perissinotto	Conselice – 06/12/1953
Director	Ugo Ruffolo	Treviso – 31/08/1949
Director	Gino Trombi	Tizzano Val Parma – 27/05/1923

The Board of Statutory Auditors

The Board of Statutory Auditors, pursuant to art. 23 of the Articles of Association, is composed of five Auditors and two Alternate Auditors, appointed by the Ordinary Shareholders' Meeting for three financial years.

The current composition of the Board of Statutory Auditors, in office for the three-year period 2005-2006-2007, is set out below:

Function	Name and Surname	Place and date of birth
Chairman	Gianluca Ponzellini	Varese – 07/02/1947
Auditor	Rosalba Casiraghi	Milano – 17/06/1950
Auditor	Paolo Andrea Colombo	Milano – 12/04/1960
Auditor	Franco Dalla Sega	Trento – 12/06/1960
Auditor	Livio Torio	Riccione – 05/03/1943
Alternate Auditor	Paolo Giolla	Milano – 28/06/1942
Alternate Auditor	Francesca Monti	Milano – 02/02/1960

General Management

At the date of this Informational Document, the composition of the General Management of Intesa was as follows:

Function	Name and Surname	Place and date of birth
General Manager	Corrado Passera	Como 30/12/1954

External Auditors

The independent Auditors Reconta Ernst & Young S.p.A. were appointed by the Company's Ordinary Shareholders' Meeting held on 20th April 2006 the independent auditing of Intesa's Annual reports, the verification of the regular keeping of accounts, the audit of the consolidated financial statements, the limited review of the half-year report, as well as the audit of the financial statements and the procedures of limited half-year review of the foreign branches for the years from 2006 to 2011.

Group history

The Company, today denominated Banca Intesa, was established in 1925 as "La Centrale" with interests in the field of production and distribution of electricity.

After the nationalisation of the enterprises in that sector in the early Sixties, the Company changed its name in "La Centrale Finanziaria Generale", acquiring equity investments in various sectors and particularly in the banking, insurance and publishing sectors.

In 1985 La Centrale incorporated the holding company Nuovo Banco Ambrosiano taking the name and business purpose of the incorporated entity. As it is known, Nuovo Banco Ambrosiano was formed in 1982 by a group of seven banks in order to take over the Banco Ambrosiano bank which had been put in mandatory liquidation.

After having overcome the first difficult period, the Bank expanded its shareholder base by allowing the entry of former Banco Ambrosiano shareholders through a capital increase reserved to them.

Starting from 1985, Nuovo Banco Ambrosiano's founding partners – with the exception of Banca San Paolo di Brescia (today Banca Lombarda) – sold their stakes to other banks and to financial and insurance companies.

With the 1985 transaction the Group took on a new structure, with Nuovo Banco Ambrosiano at the top, controlling Banca Cattolica del Veneto and other companies operating in the banking related sectors.

In 1989 the parent company absorbed Banca Cattolica del Veneto and changed its name into Banco Ambrosiano Veneto (Ambroveneto).

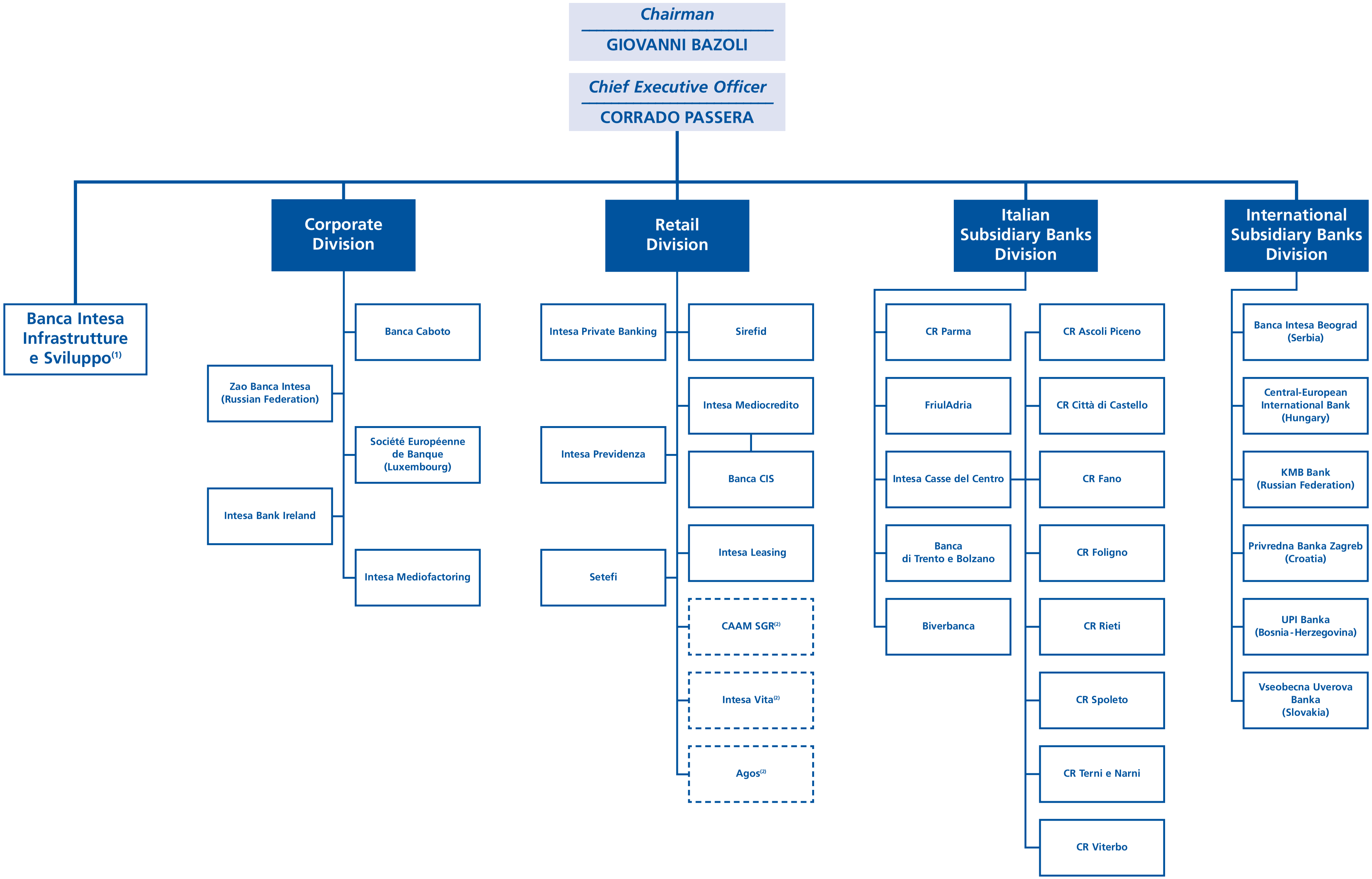
In the following years Ambroveneto acquired and incorporated certain minor banks: Banca Vallone in 1991, Ambroveneto Sud (former Citibank Italia) in 1992 and Società di Banche

Siciliane in 1994; a year later it acquired the subholding Fiscambi Holding, taking direct control of the companies in the banking related sectors.
In the early Nineties, Ambroveneto also acquired control of the Caboto group, one of the most important Italian financial operators, and of Banca di Trento e Bolzano.
In 1997 Ambroveneto concluded the transaction that led to its greatest expansion. The decision to privatise Cariplo, that was taken by Fondazione Cariplo in that year, enabled Ambroveneto, through the merger with Cariplo, to achieve the objective of giving the Group the necessary size to successfully face the challenges of the new global market.
This transaction was completed in the first days of 1998 according to a plan pursuant to which a bank controlling the entire equity stakes of Ambroveneto and Cariplo was to be the parent company of the group. To this aim, on 1st January 1998 Ambroveneto span off its banking activities (with the exclusion of one business area and of certain important controlling stakes) and transferred them to a company entirely under its control, which at the same time took the name of Ambroveneto and then of Banca Intesa. The following day, on 2nd January 1998, Banca Intesa acquired from Fondazione Cariplo the entire equity stake of Cariplo.
Continuing its strategy aimed at strengthening the Group and expanding its presence in the economically strong areas of the country, between the end of 1998 and the beginning of 1999 Banca Intesa acquired Banca Popolare FriulAdria and Cassa di Risparmio di Parma e Piacenza.
On 30th June 1999 Banca Intesa's Board of Directors decided to launch a tender offer on 70% of the ordinary shares and saving shares of Banca Commerciale Italiana. This operation was successfully concluded in the period from 27th September to 15th October 1999.
On 30th May 2000 Intesa's Extraordinary Shareholders' Meeting approved the merger by incorporation of Cassa di Risparmio di Parma e Piacenza, following the contribution of this bank to a Newco with the same name. The merger, with legal effects as of 1st July 2000, was implemented through Intesa acquiring total control of the new Cassa di Risparmio di Parma e Piacenza.
On 28th July 2000 Intesa's Extraordinary Shareholders' Meeting approved the merger of Ambroveneto, Cariplo and Mediocredito Lombardo in Intesa. The merger was completed on 31st December 2000.
On 28th February and 1st March 2001 the Extraordinary Shareholders' Meetings respectively of Banca Commerciale Italiana and of Intesa approved the merger by incorporation of Banca Commerciale Italiana into Intesa, with effect as of 1st May 2001. On the same date Intesa took the corporate name of "Banca Intesa Banca Commerciale Italiana S.p.A." or, in short form, "IntesaBci S.p.A." or "Banca Intesa Comit S.p.A".
As of 1st January 2003 the corporate name was changed to Banca Intesa S.p.A. or, in short form, Intesa S.p.A. and consequently the name of the Group was changed to Gruppo Banca Intesa or, in short form, "Gruppo Intesa".

Gruppo Intesa
The structure of Gruppo Intesa as at 30th June 2006 includes Intesa's direct control over all the main equity investments shown in the table below:

Main Group Companies

Table 5



(1) Subsidiary bank specialised in Public & Infrastructure Finance.
(2) Jointly-controlled or associated company, carried at equity.

Company to be merged
Sanpaolo IMI S.p.A.

Legal status and information regarding the Company
- Joint stock corporation established 1991 by deed of incorporation no. 63214 of the Repertory of the Notary Public Dott. Ettore Morone of Torino;
- Torino Company Register, Fiscal Code and VAT Code 06210280019;
- Company registered in the National Register of Banks under no. 5084;
- Parent Company of “Gruppo bancario Sanpaolo IMI”, included in the National Register of Banking Groups under no. 1025.6;
- Company member of the National Interbank Deposit Guarantee Fund and the National Guarantee Fund.

Registered office
Sanpaolo has its registered office in Turin, Piazza San Carlo, 156.

Corporate purpose
The Company’s purpose is the collection of deposits from the public and the business of lending in its various forms, in Italy and abroad.
The Company may undertake, within the applicable limits of the regulations in force, all banking and financial transactions and services as well as any other transaction in the way of business and in whatever way related to the achievement of its corporate objective.
The Company - in its capacity as Reporting Bank for Bank of Italy purposes of the Sanpaolo IMI Banking Group according to the terms of Article 61 of Legislative Decree no. 385 dated 1st September, 1993 - issues, in the exercise of its function of management and coordination, instructions to the members of the Group for the execution of the instructions issued by the Regulatory Authorities in the interests of the stability of the Group as a whole.

Legislation and Competent Court
Sanpaolo is incorporated and operates under Italian law.

Share capital
At the date of this Informational Document, Sanpaolo’s subscribed and paid-in share capital amounts to 5,400,089,095.68, divided into 1,875,030,936 shares with a nominal value of 2.88 euro each, of which 1,590,846,918 ordinary shares and 284,184,018 preference shares.

Pursuant to the mandate conferred by the Shareholders’ Meeting on 30th April 2002, the Board of Directors has the power to increase the share capital by means of a paid up rights issue, in one or more issues, up to a maximum amount of 51,440,648.00 euro nominal value, through the issue of ordinary shares reserved, according to Article 2441, par. 8, of the Italian Civil Code and Article 134 of Legislative Decree 58 of 24th February 1998, to employees of the Company or to employees of subsidiary companies according to Article 2359 of the Italian Civil Code who participate in the share incentive schemes approved by the Board. This power may be exercised before 27th April 2007.
Following the resolutions of the Board of Directors on 17th December 2002 and 14th November 2005, as well as of the Shareholders’ Meeting of 28th April 2006, the share capital may be increased up to a maximum nominal amount of 28,154,592.00 euro.

Intesa shall take on the obligation of Sanpaolo in the contracts stipulated with the beneficiaries of the stock option plans and consequently the Intesa Extraordinary Shareholders’ Meeting, called to approve the plan for the merger, will be also called to resolve upon a share capital increase to service such stock option plans up to a maximum nominal amount of 15,835,003.08 euro, through the issue of up to a maximum 30,451,929 ordinary shares with a nominal value of 0.52 euro each.

Sanpaolo shares and ADSs are listed, respectively, on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. and on the New York Stock Exchange (hereafter also "**NYSE**"); the shares are traded on SEAQ International of London. ADSs (each one representing 2 ordinary shares) are issued by JPMorgan Chase Bank.

Treasury shares
At the date of this Informational Document the Company directly holds 2,365,919 treasury shares.

Corporate bodies

Board of Directors
At the date of this Informational Document, the Board of Directors - in compliance with the provisions of art. 14 of the Articles of Association – is composed of 17 members. Directors remain in office for three financial years and may be re-appointed.
The Shareholders' Meeting held on 29th April 2004 appointed the Directors for the financial years 2004-2005-2006.
The current composition of the Board of Directors is set out below, indicating also the members of the Executive Committee (*):

Function	Name and Surname	Place and date of birth
Chairman	Enrico Salza (*)	Torino – 25/05/1937
Deputy Chairman	Orazio Rossi (*)	Montagnana – 12/02/1932
Managing Director	Alfonso Iozzo (*)	Torre di Ruggiero – 31/08/1942
Director	Maurizio Barracco	Roma – 07/08/1943
Director	Pio Bussolotto (*)	Vicenza – 07/01/1936
Director	Giuseppe Fontana	Monza – 04/06/1954
Director	Ettore Gotti Tedeschi (*)	Pontenure – 03/03/1945
Director	Virgilio Marrone	Savona – 02/08/1946
Director	Iti Mihalich	Fiume (Croatia) – 22/09/1931
Director	Anthony Orsatelli	Saigon (Vietnam) – 19/01/1951
Director	Emilio Ottolenghi (*)	Torino – 18/01/1932
Director	Gian Guido Sacchi Morsiani (*)	Scandiano – 08/10/1934
Director	Alfredo Saenz Abad	Getxo (Spain) – 21/11/1942
Director	Mario Sarcinelli	Foggia – 09/03/1934
Director	Leone Sibani	Bologna – 14/04/1937
Director	Alberto Tazzetti	Torino – 14/02/1948
Director	Josè Manuel Varela (*)	Madrid (Spain) – 16/10/1946

The Board of Statutory Auditors
The Board of Statutory Auditors, pursuant to art. 20 of the Articles of Association, is composed of five Auditors and two Alternate Auditors, appointed by the Ordinary Shareholders' Meeting for three financial years.
The current composition of the Board of Statutory Auditors, in office for the three-year period 2005-2006-2007, is set out below:

Function	Name and Surname	Place and date of birth
Chairman	Maurizio Dallocchio	Milano – 12/04/1958
Auditor	Aureliano Benedetti	Firenze – 15/11/1935
Auditor	Gianluca Ferrero	Torino – 07/12/1963
Auditor	Augusto Franchini	Bologna – 15/07/1939
Auditor	Paolo Mazzi	Isola d'Istria (Slovenia) – 10/10/1946
Alternate Auditor	Carlo Pavesio	Torino – 01/02/1956
Alternate Auditor	Paolo Piccatti	Torino – 18/06/1957

General Management
At the date of this Informational Document, the composition of the General Management of Sanpaolo was as follows:

Function	Name and Surname	Place and date of birth
General Manager	Pietro Modiano	Milano – 03/11/1951

External Auditors
The independent Auditors PricewaterhouseCoopers S.p.A. were appointed by the Company's Ordinary Shareholders' Meeting held on 29th April 2004 the independent auditing of Sanpaolo's Annual reports, the verification of the regular keeping of accounts, the audit of the consolidated financial statements, the limited review of the half-year report, as well as the audit of the financial statements and the procedures of limited half-year review of the foreign branches for the years from 2004 to 2006.

Group history
Sanpaolo IMI was formed through the merger in the Istituto Bancario San Paolo di Torino of IMI - Istituto Mobiliare Italiano, effective as of 1st November 1998.
Istituto San Paolo di Torino originates from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia" developed from "Monte di Pietà" to a real bank during the nineteenth century, progressively developing credit activities.
In 1932 the Bank achieved the status of Public Law Credit Institute.
Between 1960 and 1990 the Bank expanded its network to the national level through a number of acquisitions of local banks and medium-sized regional banks. In 1977 the Bank took control of Banco Lariano di Como and in 1984 it acquired Banca Provinciale Lombarda, well-rooted in the Bergamo province. In 1991 the Bank acquired Crediop from Cassa Depositi e Prestiti and reached the level of multifunctional group of national importance.
In 1992 following the transformation into a joint-stock company, according to the rules and facilitations provided for by Italian Law no. 218 of 1990 (the so-called Amato Law), approximately 20% of the share capital was listed on the Italian stock market and placed on the main foreign stock markets through public offers.
In 1993 certain reorganisations took place leading to the incorporation of Banco Lariano and of Banca Provinciale Lombarda. In February 1995 Banca Nazionale delle Comunicazioni was acquired.
The privatisation process of the bank was completed in 1997 through the public offer for sale of 31% of the share capital and the private placement of a 22% stake aimed at constituting a stable group of shareholders.
At the time of the merger with IMI – Istituto Mobiliare Italiano, San Paolo presented itself as a commercial bank of primary national standing, with diversified products and a widespread and effective distribution network.

IMI was founded in 1931 as a Public Law Body, with the purpose of promoting the process of restructuring and recapitalising the Italian industry through the grant of medium/long-term loans and the acquisition of equity investments.

During the Eighties the IMI group implemented a broad reorganisation of its operating structure and of its company activities by developing the business area represented by specialised credit services as well as new operations in the investment banking sector and, with Banca Fideuram, in the professional asset management and financial consultancy sectors.
The multifunctional group originated by the merger of Sanpaolo with IMI was organised by business areas: commercial banking, large corporate, investment banking, personal financial services, merchant banking, funding of public investments and infrastructures.
During 2000 Sanpaolo IMI acquired Banco di Napoli, bank of great tradition and territorial presence, which integrates the Group's distribution network with its widespread presence in Central-Southern Italy. Banco di Napoli was incorporated in 2002 followed by the spin-off by the Group of the operating units in Campania, Puglia, Calabria and Basilicata into a newco which took the name of Sanpaolo Banco di Napoli, the only group bank operating in those areas from that date.
Between 2001 and 2002 the acquisition of the Cardine group, formed by the association of Casse Venete and Casse Emiliano Romagnole, provided the Group with an important market share in areas with great economic potential.
The integration of the various banks in the group culture was rapid and the industrial plan, presented to the market in 2005 for the following three-year period, set the company mission as creation of value sustainable over time - in a context of constant and responsible attention to all company players - and fully recognised the importance for the group of its various components and of its territorial presence.
The "Banca Nazionale dei Territori" model, which is very different compared to other banking groups, was introduced. It focuses on i) support and enhancement of regional brands, ii) upgrading of local commercial positions and iii) strengthening of relations with households, small and medium-sized enterprises and communities. This model of "proximity" strengthens links with the territory and simplifies the chain of command, thereby promoting a direct dependence of bank and area heads from the Group's top management.
In 2005 the Eurizon Financial Group (hereafter also "**Eurizon**"), the company where insurance, professional asset management and asset gathering activities of the Group are concentrated, was established.
The main objective is to enhance these activities, which are characterised by high professional competence and great creation of value, by separating the production from the distribution phase.
It is expected that the spin-off of Eurizon will allow the best exploitation of the high growth potential of markets such as the market for supplementary social security, management of household assets and income and long-term savings.

Sanpaolo IMI Banking Group
The structure of Gruppo Sanpaolo IMI as at 30th September 2006 includes the parent company's direct control over all the main equity investments shown in the table below:

Group Structure as at 30th September 2006

SANPAOLO IMI GROUP

CENTRAL FUNCTIONS

SANPAOLO IMI
- Governance, support and control functions
- Equity shareholdings
  - Sanpaolo IMI International (Luxembourg)
    - Santander Central Hispano (Spain, 2.2%)
    - Ixis Asset Management Group (France, 9.3%)
    - Ixis Corporate & Investment Bank (France, 2.5%)
  - Banque Palatine (France, 37.3%)
  - Cassa di Risparmio di Firenze (18.7%)
  - Cassa dei Risparmi di Forlì (38.3%)
  - Banca delle Marche (7%)
  - Other equity shareholdings
- Finance
- Macchina Operativa Integrata (Integrated Operating Vehicle)

BANKING

RETAIL & PRIVATE
- Sanpaolo IMI-Retail & Private
- Cassa di Risparmio di Padova e Rovigo-Retail & Private
- Cassa di Risparmio in Bologna-Retail & Private
- Cassa di Risparmio di Venezia-Retail & Private
- Friulcassa-Retail & Private
- Sanpaolo Banca dell'Adriatico-Retail & Private
- Sanpaolo Banco di Napoli-Retail & Private
- Neos Banca (99.5%)
- Farbanca (19.3%)

CORPORATE
- Sanpaolo IMI - Companies
- Cassa di Risparmio di Padova e Rovigo-Companies
- Cassa di Risparmio in Bologna-Companies
- Cassa di Risparmio di Venezia-Companies
- Friulcassa-Companies
- Sanpaolo Banca dell'Adriatico-Companies
- Sanpaolo Banco di Napoli-Companies
- Sanpaolo Leasint

WHOLESALE
- Sanpaolo IMI-Large Groups
- Sanpaolo IMI-International Network
  - Sanpaolo IMI Bank Ireland (Ireland)
  - Sanpaolo IMI Internazionale
- Banca IMI
- Banca OPI
  - FIN.OPI

OTHER ACTIVITIES
- IMI Investimenti
- Sanpaolo Bank (Luxembourg)
  - Sanpaolo Bank Suisse (Switzerland)
  - Sanpaolo Immobiliere
- Sanpaolo Fiduciaria

SAVINGS AND ASSURANCE

EURIZON FINANCIAL GROUP

EURIZONVITA
- Sanpaolo Life (Ireland)
- EurizonTutela
- Universo Servizi

BANCA FIDEURAM (73.4%) (1)
- Sanpaolo Invest SIM
- Financière Fideuram (France)
  - Banque Privée Fideuram Wargny (France)
- Fideuram Investimenti
- Fideuram Bank (Luxembourg)
  - Fideuram Bank Suisse (Switzerland)
- Fideuram Fiduciaria
- Fideuram Gestions (Luxembourg)
- Fideuram Asset Management (Ireland)
- Sanpaolo Invest Ireland (Ireland)

SANPAOLO IMI ASSET MANAGEMENT (2)
- Sanpaolo IMI Asset Management Luxembourg (2)
- Sanpaolo IMI Alternative Investments (2)

(1) *On 25 October 2006, at the end of the subscription period for the Public Offer on ordinary shares of Banca Fideuram, Eurizon held (directly and indirectly) 92.5% of the total share capital of Banca Fideuram.*

(2) *Starting from 1 November 2006, Sanpaolo IMI Asset Management SGR, Sanpaolo IMI Asset Management Luxembourg and Sanpaolo IMI Alternative Investments changed their names into Eurizon Capital SGR, Eurizon Capital S.A. and Eurizon Alternative Investments, respectively.*

2.1.2 Means, terms and conditions of the merger

Means, terms and conditions of the merger

The merger

The merger of Sanpaolo with and into Intesa is subject to the provisions set forth in articles 2501 and following of the Italian Civil Code and will occur as described in the Plan for the merger attached to this Informational Document.

In the day on which the merger becomes legally effective, the Surviving Company succeeds to the rights and obligations of the Company to be merged, continuing in its relations, even in court proceedings, prior to the merger.

The Plan for the merger was approved by the Boards of Directors of Intesa and Sanpaolo on 12th October 2006. The reports of the Directors of Intesa and Sanpaolo prepared pursuant to art. 2501-*quinquies* of the Italian Civil Code have been attached to this Informational Document.

As provided for by art. 2501-*quarter,* par. 2 of the Italian Civil Code, Intesa's and Sanpaolo's financial statements as at 30th June 2006 have been prepared and include the balance sheet, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and the notes to the financial statements, with brief explanatory notes. All documents have been prepared in compliance with rules on the preparation of financial statements and IAS/IFRS. Such financial statements have been attached to this Informational Document.

For the purposes of the issuance of the report on the adequacy of the exchange ratio, the following firms have been appointed as experts by the Milan and Turin courts, respectively, pursuant to article 2501-sexies of the Italian Civil Code:

- for Intesa the Independent Auditors KPMG S.p.A.; and
- for Sanpaolo the Independent Auditors PricewaterhouseCoopers S.p.A.

The experts released the mentioned report for Intesa on 26th October 2006 and for Sanpaolo on 27th October 2006. Such reports have been attached to this Informational Document.

The Bank of Italy, by Decision no. 1123537 issued on 25th October 2006, authorised the merger; therefore on 30th October 2006 the Plan for the merger has been registered at the competent Companies Registers, pursuant to art. 57, par. 2, of TUB.

Following the completion of the merger, the Surviving company shall:

- issue up to a maximum of 5,841,113,544 ordinary shares with a nominal value of 0.52 euro to be assigned to the shareholders of ordinary and preference shares of Sanpaolo, in accordance with the exchange ratio of 3.115 newly-issued ordinary shares of the Surviving company, each of nominal value 0.52 euro, for each Sanpaolo ordinary or preference share, of nominal value 2.88 euro each;
- cancel without consideration any ordinary shares of Sanpaolo held by Banca Intesa, and any treasury shares of Sanpaolo.

The Special Preference Shareholders' Meeting of Sanpaolo has been called to resolve upon the merger, in consideration of the fact that the Plan for the merger provides for the assignment to Sanpaolo preference shareholders of Intesa ordinary shares.

Sanpaolo American Depositary Shares listed on the New York Stock Exchange; Registration of the Surviving Company under the U.S. Securities Exchange Act of 1934.

Sanpaolo has outstanding American Depositary Shares issued by JPMorgan Chase Bank (the "**ADS Depositary**"), the depositary administering the American Depositary Receipt ("ADR") program of Sanpaolo. Each Sanpaolo ADS represents two ordinary shares of

Sanpaolo. The Sanpaolo ADSs are currently listed on the New York Stock Exchange. To effect the merger of Sanpaolo into Banca Intesa, the ordinary shares underlying the Sanpaolo ADSs will be exchanged for ordinary shares of the Surviving Company represented by American Depositary Shares denominated in U.S. dollars (the "**Surviving Company ADSs**") based upon the exchange ratio. Each Surviving Company ADS will represent six ordinary shares of the Surviving Company. Accordingly, each holder of Sanpaolo ADSs will, in connection with the merger, receive one Surviving Company ADS for every six Surviving Company ordinary shares resulting from the conversion at the exchange ratio of the Sanpaolo ordinary shares underlying the Sanpaolo ADSs held by such holder. Fractional Surviving Company ADSs will not be issued, and a holder's ownership will be aggregated in determining fractional ordinary shares. Any fractional Surviving Company ordinary shares will be sold by the ADS Depositary and the net cash proceeds from such sale shall be distributed to the holders entitled thereto at the time of the exchange of their Sanpaolo ADSs.

The ordinary shares of Sanpaolo and the Sanpaolo ADSs are currently registered under the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"). In accordance with Rule 12g-3 of the Exchange Act, the Surviving Company will, upon consummation of the merger, succeed to Sanpaolo's status as a registrant under the Exchange Act and will therefore be subject to the ongoing reporting obligations of the Exchange Act for so long as the Surviving Company remains a registrant. Such reporting obligations include the requirement to file with the U.S. Securities and Exchange Commission (the "**SEC**") annual reports on Form 20-F and to submit to the SEC certain periodic and other reports under Form 6-K. However, to the extent possible under U.S. securities laws, the Surviving Company currently intends, at the earliest possible date following the consummation of the merger, to de-register the Surviving Company's ordinary shares and ADSs. Subsequent to any such de-registration, the Surviving Company is expected to continue to be subject to reporting obligations under Italian law and, if applicable, will furnish information to the SEC pursuant to Rule 12g3-2(b) under the Exchange Act.

The Surviving Company has decided not to list the Surviving Company ADSs on the New York Stock Exchange. In addition, following and in connection with the consummation of the merger, the Sanpaolo ADSs will cease to exist and will no longer be listed on the New York Stock Exchange. As a result, the ordinary shares of the Surviving Company will, following the merger, be listed exclusively on the Mercato Telematico Azionario of the Italian Stock Exchange ("Telematico"). In the United States the Surviving Company ADSs will only be eligible for trading "over-the-counter" since they will not be listed on any U.S. stock exchange. As a consequence, Sanpaolo ADS holders are cautioned that the Surviving Company ADSs may be illiquid. The lack of an active and liquid trading market in the Surviving Company ADSs could therefore make it more difficult to sell such ADSs.

The Surviving Company may, at any time, including immediately following the consummation of the merger, terminate the ADR program with respect to the Surviving Company ADSs. Termination of the Surviving Company's ADR program could further restrict the liquidity of the Surviving Company's ordinary shares in the United States.

As a result of the decision not to list the Surviving Company ADSs on the New York Stock Exchange or in the event of any decreased liquidity due to the termination of the Surviving Company ADR program, U.S. resident holders of the ordinary shares of the Surviving Company ADSs may be required to sell such shares on the Telematico which could be more time consuming and costly for such holders than settling trades in Surviving Company ADSs.

Sale of assets to Crédit Agricole S.A.

In the context of the merger with Sanpaolo, the definition of relations with Crédit Agricole S.A. was particularly important. Crédit Agricole S.A. – one of the most important French and European banks – has been an Intesa shareholder since December 1989 and is member of the Voting Syndicate of Intesa (in section 2.1.4 below).

On 11th October 2006, Intesa and Crédit Agricole S.A. entered into an agreement (hereafter the "Agreement") in connection with the Plan for the merger between Gruppo Intesa and Gruppo Sanpaolo IMI.

The rationale of the Agreement is the following:

- following the merger the New Group will have to sell a certain number of branches in order to comply with antitrust provisions;
- Crédit Agricole S.A. is interested in maintaining a strategic position in Italy independently from Intesa through the acquisition from the latter of a retail banking business;
- the existing agreements between Intesa and Crédit Agricole S.A. relating to asset management activities contain certain provisions that could constrain this business of the New Group;
- Intesa is interested in the New Group being able to freely develop the asset management business and in optimising the branch disposal to comply with antitrust provisions;
- Crédit Agricole S.A. is interested in acquiring a significant presence in the Italian retail market and freely exploiting the commercial potential of its Group in Italy.

The Agreement provides for:

a) the sale by Intesa to Crédit Agricole S.A. of:
   - its entire equity stake in Cassa di Risparmio di Parma e Piacenza (representing 100% of the share capital) for a cash consideration of 3.8 billion euro;
   - its entire equity stake in Banca Popolare FriulAdria (representing 76.05% of the share capital) for a cash consideration of 836.5 million euro;
   - 193 Intesa branches identified by the parties - which will be transferred to the aforementioned subsidiary banks - for a cash consideration of 1,330 million euro;

b) the evolution of the asset management partnership between Intesa and Crédit Agricole S.A. as set out below:
   - a feasibility study to assess the possibility of a pan-European joint-venture in the asset management activities;
   - if the project of the setting up of the joint-venture is not deemed feasible by one of the parties, CAAM sgr will be unwound on terms consistent with the original sale of 65% of Nextra by Intesa to Crédit Agricole S.A. A call option for Intesa and a put option for Crédit Agricole S.A. are exercisable starting from the date of the branches' sale (between 1st February and 31st March 2007) up to 12th October 2007 on the activities attributable to the 65% of Nextra Investment Management sold by Banca Intesa to Crédit Agricole S.A. in December 2005 at the same price paid in connection with last December's sale (815.8 million euro) less the dividends received in the meantime by Crédit Agricole S.A. plus the cost of equity accrued during the period (calculated applying a 9% interest rate on 815.8 million euro). Crédit Agricole S.A. will retain the asset management business for institutions it originally contributed and will have the possibility to distribute its products through the retail networks it has acquired;
   - until the exercise of the call/put option the existing agreements will remain in force but shall be amended with respect to two issues relating to the exclusive distribution: Crédit Agricole S.A. shall waive its right to purchase, following the merger, the Gruppo Sanpaolo IMI asset management companies and it shall acknowledge that the latter's branches do not fall within the scope of the branch network for the purpose of the distribution agreement;

c) the existing consumer credit arrangements - relating to the Gruppo Intesa network before the merger - will remain in force for a three-year period at the end of which the parties will reconsider the ownership structure of Agos. A call/put option shall become exercisable for the sale to Crédit Agricole S.A. of Intesa's 49% interest in Agos.

The valuation of Cassa di Risparmio di Parma e Piacenza, of Banca Popolare FriulAdria and of the 193 branches is in line with market multiples of comparable transactions and has been confirmed by analyses carried out by an independent expert Prof. Paolo Iovenitti nominated by Banca Intesa. Also the valuation of the activities attributable to the 65% of Nextra Investment Management sold at year-end 2005 has been confirmed by the aforementioned independent expert, whose report is attached to this Informational Document. In turn, Sanpaolo asked Prof. Enrico Filippi and Prof. Carlo Pasteris their opinions on the economic terms of the Agreement: the two experts expressed a positive conclusion on the congruity of overall prices agreed. The report is attached to this Informational Document.

As at 30th June 2006, Cassa di Risparmio di Parma e Piacenza had 310 branches, loans to customers for approximately 12.5 billion euro, direct customer deposits for approximately 13 billion euro, indirect customer deposits for approximately 27.6 billion euro and shareholders' equity of 1,070 million euro; in the first half of 2006, Cassa di Risparmio di Parma e Piacenza registered operating income of 389 million euro, operating margin of 226 million euro and net income of 121 million euro. At the same date, Banca Popolare FriulAdria had 149 branches, loans to customers for approximately 4 billion euro, direct customer deposits for approximately 3.4 billion euro, indirect customer deposits for approximately 5.2 billion euro and shareholders' equity of 468 million euro; in the first half of 2006, Banca Popolare FriulAdria registered operating income of 127 million euro, operating margin of 65 million euro and net income of 30 million euro. As per half-year 2006 management accounts, the 193 branches in the aggregate accounted for approximately 5 billion euro of loans to customers, 7.6 billion euro of direct customer deposits and 11.3 billion euro of indirect customer deposits; in the first half of 2006, these branches contributed approximately 220 million euro to operating income, 90 million euro to operating margin and 50 million euro to net income.

The finalisation of this Agreement - approved by the Board of Directors of Intesa on 12th October 2006 - is subject to the approvals by the competent authorities and the stipulation of the deed of merger by Intesa and Sanpaolo and therefore may not occur within the end of 2006. The total consideration for the sale of Cassa di Risparmio di Parma e Piacenza, Banca Popolare FriulAdria and the 193 branches amounts to approximately 6 billion euro with a capital gain for Intesa of approximately 4 billion euro.

Following the definition of the Agreement, Crédit Agricole S.A. issued a press release in which it declared its intention to maintain an equity stake in the New Bank, reducing its equity investment under 5%, and to exit Intesa's Voting Syndicate.

Listing process of Eurizon Financial Group S.p.A.

In the context of the merger between Sanpaolo and Intesa the objective of continuing the listing process of Eurizon has been confirmed.

Eurizon's strong growth strategy is expected to be sustained by a listing process which shall be finalized by the end of 2007 while maintaining the current scope and, if possible and appropriate, the programme as defined, except for further enhancements of the scope of activities due to the reorganisation following the merger between Sanpaolo and Intesa.

Changes in the Articles of Association

Intesa's Extraordinary Shareholders' Meeting, called to approve the merger, will also be called to resolve upon the adoption of a new text of Articles of Association which will provide for, among other things:

- the increase in share capital to effect the merger;
- the adoption of "Intesa Sanpaolo S.p.A." as the new corporate name of Intesa;
- the transfer of the registered office to Turin and the establishment of the secondary registered office in Milan;
- the adoption of a dual corporate governance system in accordance with article 2409-*octies* and subsequent provisions of the Italian Civil Code,

all as described in greater detail hereafter.

The text of the new Articles of Association is attached to this Informational Document.

Right of withdrawal
With respect to Intesa and Sanpaolo ordinary shareholders that are absent, abstain or vote against the merger, as well as Intesa saving shareholders, the right of withdrawal does not apply pursuant to articles 2437 and 2437-*quinquies* of the Italian Civil Code.

Preference shareholders of Sanpaolo who do not agree with the resolution of the special shareholders meeting shall have the right to withdraw pursuant to and in accordance with art. 2437, first paragraph, letter g) of the Italian Civil Code. As Sanpaolo is a listed company in Italy, and considering the specific characteristics of the preference shares, it is considered that the liquidation value of the shares for which the withdrawal was exercised may be determined with reference to the provisions of art. 2437-*ter* of the Italian Civil Code; therefore, exclusively referring to the mathematical average of the closing prices in the six months preceding the publication of the notice for the call of the shareholders meeting the resolutions of which authorise said withdrawal.

Values attributed to the Companies involved in the merger and criteria used for the determination of the exchange ratio
Following the resolutions taken by the Boards of Directors of Sanpaolo and Intesa on 26th August 2006, the guidelines of the Merger have been disclosed to the market in a document signed on the same date, (hereafter also "**Framework Agreement**") which among others also set forth the provisional exchange ratio, equal to 3.115 Intesa ordinary shares (newly-issued) for each Sanpaolo ordinary or preference share.

For the determination of the exchange ratio, the Boards of Directors of Intesa and Sanpaolo used the collaboration of qualified independent experts.

In particular, Intesa has been assisted by Prof. Angelo Provasoli, whose conclusions have also been confirmed by the valuations of the two advisors Banca Leonardo and Merrill Lynch International. Sanpaolo used the collaboration of the advisor Citigroup.

The valuations of the independent experts, attached to this Informational Document, were aimed at expressing a comparative estimate of the economic values of the banks involved in the merger and therefore must be intended solely in relative terms and with a limited reference to this specific transaction.

The results of such valuations are consistent, although they have been performed by the respective advisors of Intesa and Sanpaolo on the basis of independent approaches and although they use different valuation methodologies.

All valuation methods used are in accordance with valuation best practices and deemed to be most appropriate in consideration of the activities performed and the sector in which Intesa and Sanpaolo operate.

In the application of the valuation methods the advisors considered each of their characteristics and implicit shortcomings. The possible valuation impacts of events after the date of announcement of the transaction have been reflected in some of the valuation methods used.

The Boards of Directors of Intesa and Sanpaolo, following an attentive analysis of the valuations expressed by the respective advisors, agreed with the applied valuation methodologies and the results obtained.

Criteria used for the determination of the exchange ratio
The merger between Intesa and Sanpaolo will be achieved through the exchange of ordinary and preference shares of Sanpaolo in exchange for Intesa newly-issued ordinary shares. This is due to the fact that the Articles of Association of Sanpaolo (art. 6) set forth the conversion at par of preference shares into ordinary shares should the latter be sold.

Therefore, for the purpose of the determination of the exchange ratio advisors treated Sanpaolo's preference shares as ordinary shares.
Furthermore, in line with the indications contained in the aforementioned Framework Agreement, Intesa saving shares were deemed to remain unchanged.

Expert reports of the advisors of Intesa

As indicated, the Board of Directors of Intesa gave a mandate to Prof. Angelo Provasoli to assist it in the valuation and determination of the exchange ratio.

Banca Leonardo and Merrill Lynch International, acting as financial advisors in the transaction, prepared in turn specific valuations which basically confirm the indications of Prof. Provasoli, though sometimes adopting different methodologies or reference values.

The valuation methods and the conclusions of the Directors of Intesa are described hereafter. Intesa's Board of Directors agreed with the analyses of Prof. Provasoli. For the valuations of the advisors please refer to the documentation attached to this Informational Document.

Reference date of the valuation and subsequent events

The reference date of the valuation is 30th June 2006.

Furthermore, the effects of the Agreement entered into between Intesa and Crédit Agricole S.A., have been considered, the terms of which are described above. In short:

- the sale of the 100% stake in Cassa di Risparmio di Parma e Piacenza S.p.A.;
- the sale of the 76.05% stake in Banca Popolare FriulAdria S.p.A.;
- the sale of 193 branches and the relative assets and liabilities;
- the exchange of call/put options between Intesa and Crédit Agricole S.A. relating to the purchase/sale (respectively, by Intesa and Crédit Agricole S.A.) of 65% of the equity investment of Nextra Investment Management sold by Banca Intesa to Crédit Agricole S.A. Agricole in December 2005.

With respect to Gruppo Sanpaolo IMI, the effects relating to the reorganisation of the business area Risparmio e Previdenza with the establishment of Eurizon have been considered. The reorganisation is expected to include the following phases:

- launch by Eurizon of a tender offer (OPA) for all Banca Fideuram shares held by third parties at a price of 5 euro per share;
- start of the listing process of Eurizon through an initial public offering of part of the stake held by Sanpaolo and a public subscription offer from a share capital increase of Eurizon (Offerta Pubblica di Vendita e Sottoscrizione - OPVS). At the end of the transaction, it is expected that Sanpaolo will hold at least 60% of the share capital of Eurizon.

Adopted valuation methods

In order to determine the valuation of Intesa and Sanpaolo required for the determination of the exchange ratio, it is deemed appropriate to use both economic-analytical criteria and market criteria. In particular, criteria used for valuations are: the "*DDM criterion*", the "*earnings criterion*", the "*combined UEC criterion*", the "*market multiples criterion*", the "*linear regression criterion*", the "*direct quotes criterion*" and the "*equity report criterion*".

Since a consolidated plan of Intesa which reflects the effects of the aforementioned transactions has not yet been prepared, for the purposes of the valuation, balance sheet, income statement and financial aggregates relating to assets sold have been eliminated from consolidated figures. Estimates regarding the sale of said assets, net of the respective tax effect, have been considered as "accessory capital" and therefore included in the values obtained with the various valuation criteria used.

It must also be noted that the present estimate does not consider any effect of the exchange of options on CAAM for two reasons. First, the exercise of such options is uncertain; in fact, it is possible that the New Bank and Crédit Agricole S.A. develop new strategies in the asset management sector together. Secondly, the strike price of the call/put options is substantially in line with the price recently agreed for the sale (by Intesa to Crédit Agricole S.A.) of the same company. Thus, the strike price of the options is substantially in line with the exchange value of the equity investment in CAAM. Consequently, it is reasonable to presume that the exercise of the options will not modify the value of Intesa. This conclusion is also confirmed by the aforementioned fairness opinion on the operation prepared by Prof. Iovenitti.

Therefore, the application of all criteria which use variables based on Intesa's plans (DDM, Earnings, UEC, Market multiples and Linear regression), required the adjustment of basic figures to consider the effects expected to be generated by the sale of the two equity investments and the 193 branches. The results achieved with these methods have then been increased to consider the liquidity deriving from the above-mentioned sale; this has been treated as "accessory capital". In this way the value of Intesa reflects the effects of the Agreement reached with Crédit Agricole S.A.

With respect to the share price criterion, it must be noted that the prices considered are those expressed by the market (official quotes) until 22nd August 2006, the date preceding the first rumours relative to the operation, in consideration of the fact that stock prices in the following days were probably affected by the proposed merger. For the same reason, the "equity report" criterion considers data available until 22nd August 2006. Furthermore, it must be noted that these two criteria do not obviously reflect the expected effects of the Agreement with Crédit Agricole S.A. It must also be noted that – assuming the congruity of the consideration for the sales provided for in such agreement, which is confirmed by the fairness opinion of the mentioned independent expert – the value of Intesa, determined through the application of such criteria, should not be subject to significant changes.

Considering the above, it was in any case decided to attribute to the stock price and equity report methodologies the function of control criteria for the results arising from the application of the other methods indicated above, which therefore are considered main estimation criteria.

With respect to Sanpaolo, the Plans which have been provided reflect the expected effects of the Eurizon transaction. For the purpose of applying a consistent approach with respect to the valuation of Intesa, the net considerations related to this transaction, which includes the following phases ((i) tender offer on Fideuram; (ii) initial public offering of Eurizon shares held by Sanpaolo and (iii) initial public offering of new shares by Eurizon), have been considered "accessory capital". Therefore, in the application of the adopted valuation criteria, the items considered (earnings, dividends and shareholders' equity) have been adjusted to make them consistent with the approach set forth above.

Lastly, it must be noted that Intesa saving shares have been re-expressed as "equivalent ordinary shares". Therefore, the overall economic values of Intesa also include appropriately weighted saving shares.

Description and application of the methods

The "*DDM criterion*" (or "dividend discount model" criterion) defines the value of a company on the basis of the future dividend flows which the company will be capable of distributing to its shareholders, discounted at a rate which expresses the specific equity risk.

In the adopted version, future dividends have been estimated in analytical terms for the years of the Business plans (until 2009) of the Banks, based on management's forecasted distributable dividends. After that period, the terminal value has been calculated by discounting so-called "perpetual free cash flow to equity".

Values of Intesa and Sanpaolo, calculated using the DDM criterion, are set out in the table below.

(in millions of euro)	Intesa	Sanpaolo
Present value of dividend flows (in the period of the business plan)	6,459	4,628
Perpetual free cash flow to equity	2,534	2,252
Present value of Terminal value	22,143	20,755
Accessory capital	5,806	1,603
Value	***34,408***	***26,987***

The "*earnings criterion*" defines the value of the equity of a company based on its autonomous income-generation capacity.

The adoption of the earnings criterion requires, first of all, the valuation of the company's prospective profitability. In the present valuation the latter is intended as prospective net income in the time frame covered by the Business plan (until 2009) and as average normalised earnings for an indefinite subsequent period.

The earnings method, in particular, is applied by discounting the expected earning flows at a rate deemed to be appropriate considering the risk characteristics of the specific investment under examination.

Values of Intesa and Sanpaolo, calculated on the basis of the earnings criterion are set out in the table below.

(in millions of euro)	Intesa	Sanpaolo
Present value of earnings flows (in the period of the business plan)	7,586	6,895
Perpetual earnings flow	2,826	2,607
Present value of Terminal value	25,867	25,187
Accessory capital	5,806	1,603
Value	***39,259***	***33,685***

The "*combined UEC criterion*" determines the value of a company as the sum of its adjusted shareholders' equity and the net present value of the surplus earnings, intended as the difference between the expected average normalised earnings and the return deemed to be satisfactory considering the type of investment.

The valuations of Intesa and Sanpaolo, calculated on the basis of the UEC criterion, are set out in the table below.

(in millions of euro)	Intesa	Sanpaolo
Adjusted shareholders' equity	14,165	12,707
Value of deposits	12,371	13,692
Adjusted complex shareholders' equity	26,535	26,399
Expected normalised earnings	2,425	2,226
Real return on equity	7.73%	7.88%
Capitalisation rate	2.38%	2.38%
Holding period (years)	8	8
Goodwill	2,688	1,052
Accessory capital	5,806	1,603
Value	***35,029***	***29,054***

The "*market multiples criterion*" determines the value of a company based on market share prices of listed companies which are comparable to those being valued.
This methodology is applied as follows:

– identification of a sample of listed banks comparable to those being valued; comparability must, in particular, be assessed considering size, expressed by market capitalisation;

– calculation of so-called “market multiples” (frequently, at least in the banking industry, “price/expected earnings” and “price/book value”), that is the ratio of market prices and statement of income and balance sheet aggregates deemed to be significant;
– application of the sample’s “market multiples” to the relevant statement of income and balance sheet aggregates of the companies being valued.

The values of Intesa and Sanpaolo determined on the basis of the market multiples criterion are set out in the table below.

(in millions of euro)		Intesa			Sanpaolo	
	2006	***2007***	***2008***	***2006***	***2007***	***2008***
Average P/E multiple of the sample	10.694	9.879	8.965	10.694	9.879	8.965
Earnings	2,341	2,600	2,775	2,027	2,211	2,619
Accessory capital	5,806	5,806	5,806	1,603	1,603	1,603
Value	***30,841***	***31,493***	***30,687***	***23,284***	***23,443***	***25,085***

(in millions of euro)		Intesa			Sanpaolo	
	2006	***2007***	***2008***	***2006***	***2007***	***2008***
Average P/BV multiple of the sample	1.938	1.753	1.588	1.938	1.753	1.588
Book value	15,959	16,903	17,815	15,414	16,469	17,828
Accessory capital	5,806	5,806	5,806	1,603	1,603	1,603
Value	***36,739***	***35,435***	***34,100***	***31,479***	***30,472***	***29,919***

The “*linear regression criterion*” determines the value of equity using the statistic correlation existing between the prospective profitability of shareholders' equity (expected ROAE) and the price/book ratio (P/BV).

In detail, such correlation – expressed by the linear regression – enables the valuation of the value of the company’s equity based on its prospective profitability (measured by ROAE) and its capitalisation (measured by the shareholders' equity or book value or BV).

For the application of this criterion it is necessary to:
– identify a sample of listed banks comparable to those being valued, which present a significant correlation between P/BV and expected ROAE;
– quantify the parameters (slope and intercept) of the interpolation line, via the linear regression technique;
– determine the value of the equity of the company being valued on the basis of the parameters identified in the previous point and the ROAE and book value of the same company.

The results for Intesa and Sanpaolo of the application of the linear regression criterion are summarised in the table below.

(in millions of euro)	Intesa		Sanpaolo	
	2007	***2008***	***2007***	***2008***
Expected ROAE	15.8%	16.0%	13.9%	15.3%
P/BV 2006	1.596	1.614	1.348	1.522
Reference carrying amount of shareholders' equity	15,959	15,959	15,414	15,414
Accessory capital	5,806	5,806	1,603	1,603
Value	***31,282***	***31,560***	***22,389***	***25,057***

The "*stock price criterion*" estimates the value of equity on the basis of the market prices in a significant period ending on a date close to that of the estimate.

The need to mitigate short term fluctuations typical of financial markets leads to extend the stock price analysis to different time frames.

The values per share of Intesa and Sanpaolo resulting from the application of the stock price criterion, expressed in terms of arithmetic averages of the 30, 60, 90 Stock exchange trading days before 23rd August 2006, are summarised in the table below.

(in euro)	**Intesa**	**Sanpaolo**
Average 30 days	4.50	14.02
Average 60 days	4.50	13.84
Average 90 days	4.57	14.15

The "*equity report criterion*" estimates the unit value of shares on the basis of the average target price indicated by financial analysts. This valuation method is based on the selection of a significant sample of analyst reports which cover the stocks of the companies under examination.

The values per share of Intesa and Sanpaolo resulting from the application of the "*equity report*" criterion, available until 22nd August 2006, are summarised in the table below.

(in euro)	**Intesa**	**Sanpaolo**
Average value per share	5.17	15.70

Conclusions

The table below summarises the exchange ratios resulting from the application of the various methods previously illustrated.

	Exchange ratio
Main valuation criteria	
DDM criterion	2.883
Earnings criterion	3.153
Combined UEC criterion	3.048
Linear regression of Roae 2007 – P/Bv criterion	2.630
Linear regression of Roae 2008 – P/Bv criterion	2.918
Market multiples criterion – P/E 2006	2.775
Market multiples criterion – P/E 2007	2.736
Market multiples criterion – P/E 2008	3.004
Market multiples criterion – P/BV 2006	3.149
Market multiples criterion – P/BV 2007	3.161
Market multiples criterion – P/BV 2008	3.225
Control valuation criteria	
Stock price criterion (30 days)	3.115
Stock price criterion (60 days)	3.079
Stock price criterion (90 days)	3.099
Equity report criterion	3.038

Based on the analysis of the results, the following can be noted:

– the exchange ratios based on the main valuation criteria range from 2.630 to 3.225, and are characterised by limited variability. In fact, the gap between the maximum exchange ratio and the minimum exchange ratio is equal to approximately 23%. The average and the median of the results obtained amounted to 2.971 and 3.004, respectively;
– the exchange ratios based on the control criteria were all within the range mentioned above, thus confirming the significance of the range.

The range identified above therefore expresses the significant and congruous exchange ratios. For the purpose of identifying a range of exchange ratios which further reduces dispersion with respect to the average and the median, it was deemed appropriate to exclude the extreme values of the range identified above. Consequently, the range of exchange ratios is better defined by the following interval: 2.736 – 3.161. This range presents a difference between the maximum and minimum value of approximately 15%. The size of the interval therefore considerably decreases. Thus, the difference between the top and bottom value decreases by 35%.

The significance of the range identified in this manner remains confirmed by the results obtained through the application of the control methods.

Based on the above, a range of exchange ratios between 2.736 and 3.161 of Intesa ordinary shares for each ordinary and preference share of Sanpaolo is the most significant.

Intesa's Board of Directors shared and agreed with the valuations and the conclusions of the experts, considering the strategic profile of the transaction and the quotes expressed by the market in the thirty stock exchange days prior to the announcement of the merger, determined the exchange ratio for the merger into Intesa of Sanpaolo as follows:

3.115 Intesa ordinary shares for 1 Sanpaolo ordinary or preference share.

In the opinion of Intesa's Directors and based on a logic of integration aimed at reaching shared objectives and benefiting shareholders of both companies, such ratio fairly expresses the relative values of the two Groups and considers, in the most appropriate way, the distinctiveness of each Group: balance sheet structure, expected profitability and growth prospects which emerged in the application of the various valuation criteria, as well as the market's appraisal.

Expert report of Sanpaolo's advisor
For the purposes of determining the exchange ratio for the merger, Sanpaolo had as advisor the investment bank Citigroup.

In performing its mandate Citigroup used publicly-available data and information and data provided by management of Sanpaolo and Intesa and the respective advisors. The description of the activities carried out and the documentation used was contained in the Report of the advisor*,* attached to this Informational Document.

Reference date for the estimate
The reference date for the valuations under estimation is 12th October 2006, which is the date of the Meeting of Sanpaolo's Board of Directors. Reference accounting figures are these as at 30th June 2006. In calculating the Stock Market value of the companies included in the sample of comparable listed companies, the last available price on 6th October 2006 was used.

Valuation methods used
Citigroup conducted its valuations on the economic capital of Intesa and Sanpaolo under the following assumptions of i) estimating the relative values of the Banks, focusing on the consistency and comparability of adopted criteria ii) assessing stand-alone value, ignoring the impact of possible synergies and extraordinary costs resulting from the merger, and iii) significance of the relative market prices, characterised by large free float, high liquidity and extensive research coverage.

The actual type of transaction was designed and structured as a Merger of Equals; therefore, no Control Premium was applied to valuations made. Said principle is confirmed in the terms of the aforementioned Framework Agreement, in the documentation of the Plan for the merger and in other elements, such as the relative weight of reference shareholders of each of the two Banks in the voting capital of the New Group.

Consistently with these starting points, valuations have been conducted using several valuation methods, both market-based and analytical, in line with national and international valuation best practices.

In particular, the following valuation methods were used by the advisor:
- Market Value Method (based on stock price);
- Target Price Method (by financial analysts);
- Comparable Listed Companies Method:
  - Market Multiples Method,
  - Linear Regression Method,
  - Sum of Parts Method;
- Dividend Discount Model (or DDM);
- Contribution Analysis Method;
- Comparable Transactions Method.

In applying the above methods, Citigroup considered the characteristics and implicit shortcomings in each, based on the professional valuation practices normally used in the banking sector. The valuations and conclusions reached by Citigroup are to be interpreted in light of several limits and difficulties encountered in performing the analysis, which were considered by Sanpaolo's Board of Directors.

Any valuation impacts from events subsequent to the merger announcement date, and in particular the mentioned Agreement with Crédit Agricole S.A., have been reflected in the DDM and Comparable Listed Companies Method.

Description and application of the methods

a. *Market Value Method*

Under the Market Value Method, a company is assigned a value equal to that attributed by the stock exchange in which its shares are traded.

According to this method, the prices of shares of listed companies, if significant, represent the most reliable indicator of the value of a company, as they incorporate all publicly-available information regarding the company itself, being the result of a systematic arbitrage process by market operators that reflects their opinions regarding profitability profiles, capital strength, risk levels and future growth potential of the company being valued.

In this context, the trends in the price of a company's shares are considered significant when:

- the markets in which the shares are traded are characterised by a high level of efficiency;
- the liquidity of the shares is high; and
- the evaluation time frame is such that it neutralises events of an exceptional nature that may have caused fluctuations in the short-term and/or speculative tensions.

In the respect of Sanpaolo and Intesa, the advisor believes that their ordinary shares have characteristics in common that make their trends (and thus the resulting exchange ratios) significant for the reasons explained below:

- efficient markets: both shares are listed on the Italian Stock Exchange, the sixth largest European market in terms of market capitalisation and the fourth largest in terms of volumes traded;
- large free float: on 23rd August 2006, the last day of trading prior to the announcement of the convocation of the Boards of Directors of Sanpaolo and Intesa related to the merger, the free float of ordinary and preference share capital of Sanpaolo and ordinary share capital of Intesa had a market value of approximately 16 billion euro and 15 billion euro, respectively;
- high liquidity: Sanpaolo and Intesa shares recorded a daily exchange value higher than 100 million euro over the course of the twelve months prior to 23rd August 2006, thus they were the 7th and 9th most liquid shares on the MIB30 respectively; and
- extensive research coverage: there are approximately 30 financial brokerage companies, for the most part international, that regularly publish analyses on the two companies.

Over the last three years, up to the announcement of the merger, market performance of Sanpaolo and Intesa shares has been significantly aligned: the differential has not exceeded 5.3% (in favour of Sanpaolo) over a period of one year, and is equal to 0.4% (in favour of Sanpaolo) over a period of three years.

To eliminate the effects relative to the announcement of the merger and the relative speculative pressures, prices recorded by the two stocks subsequent to 23rd August 2006 were not taken into consideration.

In analysing market prices, simple arithmetic means of the closing share prices of Sanpaolo and Intesa were used, as well as detailed observation of the minimum and maximum values during pre-defined periods of time considered to be reasonable. In addition, preference was given to the more recent prices of the two stocks, as these were considered more representative of the capital, income and financial situation of the Banks.

b. *Method using Target Prices by Financial Analysts*

Application of this method consists in the analysis and comparison of the ratio of target prices defined for Sanpaolo and Intesa by brokerage firms that have published research on both Banks. It is based on the assumption that said target prices, periodically suggested by analysts for the stocks of the major listed companies, provide a quantitative indication of the economic value of the company and, therefore, of the potential valuation of the stock on the market over the medium term.

c. *Comparable Listed Companies Methods*

According to these methods, the value of a company is determined by using information provided by the market with respect to companies having similar characteristics to the company being valued.

The following methods were used:

c.1 *Market Multiples Method*

The market multiples method is based on analysis of the market quotations of a sample of companies comparable to the one being evaluated. This method is based on the general assumption that in an efficient market and in the absence of speculative movements, the Stock Exchange price of the shares of a company reflects the market's expectations about the growth rate for future earnings and the degree of risk associated with that company.

Considering the close connection between significance of the results obtained and similarity, from an operating and financial point of view, between the companies included in the reference sample and those subject to valuation, the advisor carried out a careful selection of the reference sample, composed of:

- an Italian sample, including the major Italian banks with an established national or multi-regional presence, whose prices present characteristics that were considered highly significant;
- a European sample, including the main European banks with characteristics considered comparable to those of Sanpaolo and Intesa.

In both samples, the stocks exhibit a good degree of liquidity and do not include companies whose prices may be influenced by particular contingent situations.

For the purpose of computing the value of the companies included in the sample, the closing price available on 6th October 2006 was used.

Based on the characteristics of the credit sector and on market practices, the following multipliers were selected:

- relationship between Price and Expected Future Eearnings ("P/E"); and
- relationship between Price and Adjusted Net Assets ("P/NAV")

Regarding the expected data for 2006, 2007 and 2008 used in the analysis with respect to the companies included in the Italian and European samples, estimates provided by Thomson Financial and expressing the consensus of financial analysts were used. For Sanpaolo and Intesa, the advisor used stand-alone financial projections prepared by the management of Sanpaolo and Intesa in the context of the merger and relating to the period 2006-2009 (hereinafter "**Updated Projections**"), also having verified consistency with the respective consensus estimates.

The NAV was computed by adjusting the net assets as at 30th June 2006 of the companies considered, in order to take into account a series of adjustments, the most important of which is the deduction of intangible assets.

c.2 *Linear Regression Method*

The Linear Regression Method estimates the value of economic capital of a bank based on the existing correlation between the prospective profitability of the bank's equity and the relative premium, or discount, expressed by the stock market prices with respect to the adjusted net shareholders' equity of the same.

This correlation can be represented by a statistical regression of profitability data (expressed by the expected Return on Average Equity or “ROAE”) and by the ratio of market capitalisation and net shareholders equity for a significant sample of banks. The parameters of this ratio, if considered to be statistically significant, can be applied to the prospective ROAE and to the adjusted net shareholders equity of the company being valued, in order to determine the theoretical value that would be assigned by the market based on the correlation.

Similarly to the “Market Multiples Method”, in order to reflect the characteristics of Sanpaolo and Intesa, the advisor used a sample consisting of both Italian and European listed banks.

c.3 Sum of Parts Method

On the basis of this method, the value of a company is defined as the sum of the values attributed separately to the principal areas of business in which it operates, where such value is derived with reference to market multiples estimated in relation to each business area. This method identifies the relevant activities (the “Parts”), allocates an amount of capital to each business area and selects the most appropriate methods for the valuation of each Part.

The economic value of the company is therefore equal to the sum of the valuations of the individual Parts, adjusted for the excess or deficit of capital of the company with respect to the total capital allocated.

d. Dividend Discount Model (“DDM”)

The Dividend Discount Model (hereafter, “DDM”) is based on the assumption that the value of a bank is equal to the present value of future cash flows available for shareholders of the same, assumed to be equal to the amount of dividends that can be distributed by the bank maintaining a capital structure sufficient to sustain expected future growth. Said flows, therefore, do not consider the dividend policy actually planned or adopted by the bank.

Based on this method, the value of a bank is equal to the sum of the discounted values of the future dividends and the terminal value of the bank. The discount rate for the dividends, defined as the Cost of Equity, is calculated according to the Capital Asset Pricing Model or “CAPM”.

Application of this criterion involves estimating the future dividend flows generated during the period 2006-2015, after which time the value of the Banks has been calculated via the terminal value. Changes in the statement of income and balance sheet information for the years 2006-2009 are based on the Updated Projections.

The advisor confirmed his verification of the consistency of the Updated Projections with the consensus estimates by Financial Brokers selected based on the publication date of the latest research and the comparability of the data included.

For the years 2010-2015, inertial growth hypotheses were applied, consistently with the financial and operational profile of the Banks and with market growth forecasts. The estimate of dividends potentially distributable during the analytical forecast period was carried out assuming a Core Tier 1 ratio of 7%.

e. Contribution Analysis Method

The Contribution Analysis method consists in determining the exchange ratio based on the relative weight of the merging companies with respect to the resulting Surviving Company. Therefore, it does not determine absolute values, but ratios expressing the contribution of each company with respect to the total combination resulting from the merger.

The contribution method is based on the comparison of amounts considered to be significant with respect to banking companies that merge, and essentially refers to strategically significant profiles, both in terms of size as well as future production of income.

More specifically, the following items at 30th June 2006 were considered in relation to Sanpaolo and Intesa: net interest and other banking income; direct deposits; loans to customers; Core Tier 1 capital; total assets; weighted assets; net shareholders' equity.

In terms of application, the percentage contribution was calculated for each of the items selected by each of the Banks involved in the merger.

f. *Comparable Transactions Method*
The "Comparable Transactions" Method is based on the analysis of exchange ratios relative to a sample of merger and acquisition transactions considered to be similar to the merger under examination.

As mentioned, the transaction has been structured as a "Merger of Equals", between companies with high market capitalisation. The comparable reference sample was defined by analysing a number of M&A transactions between companies of similar size to Sanpaolo and Intesa in all sectors, in Europe and the United States, over the last ten years.

For the purposes of comparability of the sample, the factors considered included the combined size, the relative size of the counterparties, the type of transaction, common governance, etc.

Conclusions

Without prejudice to the assumptions and the shortcomings highlighted in the report and on the basis of analyses carried out, the advisor reached the following results in relation to the ranges of the exchange rate expressed in terms of newly-issued Intesa ordinary shares for each Sanpaolo ordinary or preference share.

(in millions of euro, except for the conversion ratio)	Sanpaolo Economic capital [1]		Intesa Economic capital [2]		Exchange ratio	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Market Value Method	26,267	27,054	27,431	27,491	3.072	3.158
Target Price Method	23,061	33,560	27,672	32,484	2.674	3.315
Comparable Listed Companies' Methods	25,351	35,602	30,375	36,892	2.678	3.096
DDM	26,920	31,276	31,385	32,649	2.752	3.074
Contribution Analysis Method	N/M	N/M	N/M	N/M	2.802	3.102
Comparable Transactions Method	25,146	29,111	27,411	27,411	2.944	3.408

(1) Includes ordinary and preference shares;

(2) Includes only ordinary shares.

Consequently, on the basis of the results shown above, the advisor identified the following range of share exchange ratios:
3.072 - 3.158 newly-issued Intesa ordinary shares for each ordinary or preference share of Sanpaolo.

Within the framework and the limitations of the report attached to this Informational Document, the advisor, on the basis of past experience, considered the following share exchange ratio fair, from a financial perspective, to the shareholders of Sanpaolo:

3.115 Intesa ordinary shares for 1 Sanpaolo ordinary or preference share.

The Board of Directors of Sanpaolo, in considering the matters illustrated by the advisor, determined that the valuation methods used must be considered as a whole and not individually for the valuation of the economic capital of the two Banks, in accordance with national and international best practices.

Based on these considerations, and considering the work performed by the advisor, the Board therefore determined the following exchange ratio:

3.115 Intesa ordinary shares for 1 Sanpaolo ordinary or preference share.

Definition of the exchange ratio and opinion of the experts appointed pursuant to art. 2501- sexies of the Italian Civil Code

The Boards of Directors of Intesa and Sanpaolo, based on the valuations set out above and also on the basis of the valuations of the respective advisors, therefore defined and agreed upon the following exchange ratio, on the basis of which newly-issued ordinary shares of the Surviving company will be assigned to shareholders of the Company to be merged:

3.115 Intesa ordinary shares for 1 Sanpaolo ordinary or preference share.

The aforementioned exchange ratio has been verified by the independent experts appointed pursuant to art. 2501-*sexies* of the Italian Civil Code, Independent Auditors PricewaterhouseCoopers S.p.A., appointed by the Turin Court for Sanpaolo, and the Independent Auditors KPMG S.p.A., appointed by the Milan Court for Intesa, for the purposes of the release of the report on the adequacy of the exchange ratio.

The reports by PricewaterhouseCoopers and KPMG, attached to this Informational Document, acknowledge the appropriateness of the valuation methods adopted by the Directors of the two companies, also on the basis of the indications of their advisors, and the correctness of their application for the determination of the exchange ratio set out above.

Manner of the issuance of the shares of the Surviving Company and date from which shares start to accrue rights

The completion of the merger will entail the cancellation of all outstanding ordinary and preference shares of Sanpaolo.

In exchange the shareholders of the Company to be merged will be assigned, on the basis of the exchange ratio indicated above, up to a maximum of 5,841,113,544 Surviving company ordinary shares of nominal value 0.52 euro each, with a consequent increase in the share capital of the Surviving company up to a maximum of nominal 3,037,379,042.88 euro.

No cash adjustments will be offered to shareholders of the Banks.

The deed of merger shall contain the waiver by one Sanpaolo shareholder to the exchange of the fraction of share necessary to ensure the overall balancing of the transaction.

In any case, any fractional shares of the shareholders of the Company to be merged shall be purchased at market prices, with no further charges related to expenses, stamp duties or commissions.

The newly-issued shares, which will be listed on the same terms as Intesa's currently outstanding shares, shall be available for the shareholders of the Company to be merged according to the conditions typical of dematerialised shares trading through Monte Titoli S.p.A., starting from the first business day after the date in which the merger comes into effect. A specific notice regarding the merger shall contain the indication of such date and shall be published in at least one national daily newspaper in Italy.

The newly-issued Intesa ordinary shares shall have the same rights as those of the same class outstanding as of the issue date. Therefore, newly-issued Intesa ordinary shares shall have rights to dividends accruing from 1st January 2006.

Issuance of Surviving Company ADSs to holders of Sanpaolo ADSs

In connection with the merger of Sanpaolo into Intesa, the ordinary shares underlying the Sanpaolo ADSs will be exchanged for ordinary shares of Intesa represented by Surviving Company ADSs based on the exchange ratio. Each Surviving Company ADS will represent six ordinary shares of the Surviving Company. Accordingly, each holder of Sanpaolo ADSs will, in connection with the merger, receive one Surviving Company ADS for every six Surviving Company ordinary shares resulting from the conversion at the exchange ratio of the Sanpaolo ordinary shares underlying the Sanpaolo ADSs held by such holder. Fractional Surviving Company ADSs will not be issued, and a holder's ownership will be aggregated in determining fractional ordinary shares. Any fractional Surviving Company ordinary shares will be sold by the depositary and the net cash proceeds from such sale shall be distributed to the holders entitled thereto at the time of the exchange of their Sanpaolo ADSs. Promptly after the effectiveness of the merger, the ADS Depositary will distribute materials to the registered holders of the Sanpaolo ADSs to enable such registered holders to effect the exchange of the Surviving Company ADSs for the Sanpaolo ADSs. Sanpaolo ADSs held through banks, brokers and other custodians through the Depository Trust Company (DTC) will be exchanged without any action required on the part of the beneficial holders of such Sanpaolo ADSs.

The last day for trading of the Sanpaolo ADSs on the New York Stock Exchange is expected to be Friday 29th December 2006, the last business day in New York City prior to the consummation of the merger.

As previously described herein, the Surviving Company may, at any time, including immediately following the consummation of the merger, terminate the American Depositary Receipt program with respect to the Surviving Company ADSs.

Legal, accounting and tax effects of the merger

The merger becomes effective *vis-à-vis* third parties, pursuant to art. 2504-*bis*, par. 2, of the Italian Civil Code, from the later of the date of registration of the deed of merger, and the date which shall be indicated in the deed of merger and, in any case, no earlier than 1st January 2007.

With reference to provisions of art. 2501-ter, par.1, No. 6, of the Italian Civil Code, the transactions carried out by Sanpaolo shall be recorded in the financial statements of the Surviving company as of 1st January 2007.

The merger will have effect for taxation purposes from the same date.

Pursuant to article 57, last paragraph, of the TUB, following the merger the privileges and guarantees of any type, by whosoever given or in any case existing in favour of the Companies involved in the merger, will maintain their validity and ranking, without any need of formalisation or registration in respect of the Company arising from the merger.

Tax impact of the merger on the Surviving Company in Italy

In Italy, the merger is "neutral" for tax purposes in so far as direct taxes are concerned. In fact, pursuant to art. 172 of Combined Tax Regulations (Testo Unico delle Imposte sui Redditi, hereafter "TUIR") approved by Presidential Decree 917/86, the merger does not result in the realisation of income or losses for the parties involved in the merger which are significant for tax purposes (Company to be merged, Surviving company and also shareholders).

In particular, with respect to the Company to be merged, the transfer of its shareholders' equity to the Surviving company will not result in the realisation of latent capital gains or losses on assets and liabilities nor of goodwill.

Similarly, the items received by the Surviving company are recognised at the same fiscal value which they had in the books of the Company to be merged.

The determination of the Surviving company's income does not take into account the surplus or deficit recorded in the financial statements due to the exchange ratio of the shares and the higher values in the balance sheet due to possible change of the difference to balance sheet elements of the Company to be merged, including goodwill, are not taxable for the Surviving company and are not recognised for fiscal purposes.

The shareholders' equity reserves subject to a suspended tax regime recorded in the last financial statements of the Company to be merged must be reallocated in the financial statements of the Surviving company and are subject to the regime provided for by par. 5 of the mentioned art. 172.

The merger is excluded from VAT and is subject to fixed taxes for registrations.

Tax impact of the merger on shareholders

The exchange of shares of the Company to be merged for shares of the Surviving Company will not lead, according to Italian tax regulations, to the realisation of income or losses, since it merely implies the substitution of the securities of the Company to be merged with those of the Surviving Company. The value recognised for tax purposes to the stake in the Company to be merged is transferred to the shares of the Surviving Company received in exchange.

We have not determined whether the merger will qualify as a tax neutral transaction pursuant to the laws of any jurisdiction other than Italy. Shareholders residing outside of Italy and non-Italian shareholders residing in Italy should contact their personal tax advisors regarding the tax consequences of the merger and ownership of the ordinary shares of the Surviving Company or the Surviving Company's ADSs.

Corporate governance system of the Surviving Company post merger

The merger plan sets forth that the Surviving company will adopt the so-called dual corporate governance system: the adoption of this model is expected to result in a corporate governance better suited to the needs of the new corporate entity that entails that administration and control will be conducted by a Management Board and a Supervisory Board in accordance with article 2409-*octies* and following of the Italian Civil Code and with art. 147-*ter* and following of Legislative Decree no. 58 of 24th February 1998, (Testo Unico della Finanza, hereafter "**TUF**").

The choice of a dual system and its key features

The choice of the dual model was preferred for a number of reasons.

First of all, the fact that the dual system, albeit with specific characteristics that distinguish it in the various sectors, appears to be widely used by larger companies with a widespread shareholder base in other countries of the European Union; the bank resulting from the merger will rank at the top of the European banking system and a choice of this nature seems only natural.

The aforementioned model provides for a better separation between ownership and management, since the Supervisory Board is the filter between shareholders and the management body - the Management Board - and therefore seems to be more capable than the traditional model of effectively meeting the need for greater transparency and reducing potential conflicts of interest.

The multifaceted role attributed by law and, as described below, by the Articles of Association to the Supervisory Board, placed at the centre of the Surviving company's internal operations, also emphasises the separation between control and strategic guidelines, on the one hand, and the management function on the other, permitting a better definition of the roles and responsibilities of the corporate bodies and ensuring the sound and prudent management of the Bank.

In particular, the Supervisory Board which combines certain powers typical of the Shareholders' Meeting, functions of the Board of Statutory Auditors and certain powers of "top management", performs direction and control functions, which also relate to the basis of decisions, with respect to the management of the company, functions which are more extensive than those typically performed by the Board of Statutory Auditors.

Very briefly, in the dual model:

- the **Shareholders' Meeting** appoints and revokes the Supervisory Board which in turn appoints the Management Board determining the relative remuneration (art. 2364-*bis*, nos. 1 and 2 of the Italian Civil Code); in addition, it:
  a) resolves upon the distribution of profits (article 2364-*bis*, no. 4 of the Italian Civil Code);
  b) resolves upon transactions of the extraordinary shareholders' meeting (art. 2365 of the Italian Civil Code);
  c) exercises, concurrently with the Supervisory Board, liability actions against members of the Management Board (art. 2409-*decies*, par. 1 of the Italian Civil Code);
  d) appoints the independent auditors;

- the **Management Board** fulfils the functions which in the traditional model are carried out by the Board of Directors: therefore, it is required to manage the company and is allowed to appoint one or more Managing Directors (articles 2409 - *novies*, par. 1 and 2380-*bis* of the Italian Civil Code);

- the **Supervisory Board** which must consist of a minimum of three members (art. 2409-*duodecies*, par. 1 of the Italian Civil Code) fulfils, in addition to functions typical of the Board of Statutory Auditors in the traditional model, duties traditionally reserved for the shareholders' meetings. More specifically, it:
  a) appoints and revokes members of the Management Board (articles 2409-*novies*, paragraphs 3 and 5, and 2409-*terdecies*, paragraph 1, lett. a of the Italian Civil Code) and determines the relative remuneration;
  b) exercises liability action against members of the Management Board (art. 2364-*bis*, nos. 1 and 2 of the Italian Civil Code);
  c) approves the financial statements (art. 2409-*terdecies*, par. 1, lett. b of the Italian Civil Code);
  d) in addition, to the extent possible according to the Articles of Association, can be assigned executive administration tasks.

Implementation of the dual model and the related statutory provisions

The decision to adopt the dual model has led to the requirement for a series of changes to the Articles of Association, as illustrated below. The references to the articles regard the text of the Articles of Association, attached to this Informational Document.

In outlining the new governance, the recommendations for listed companies contained in the Code of Conduct promoted by Borsa Italiana S.p.A. (hereinafter, "**Code of Conduct"**) were also taken into account.

Furthermore, in defining the allocation of powers, particular attention was paid to protecting the various roles in corporate bodies (Management Board, Managing Director, Chairman of the Management Board, Supervisory Board and Chairman of the Supervisory Board), also according to the respective responsibilities, as concerns both regulatory and supervisory provisions, simultaneously ensuring the necessary coordination in their actions, through a well-organised mechanism of proposals and preventive opinions, for the most significant issues assigned to the responsibility of each body.

The **Supervisory Board**, composed of a minimum of 15 and a maximum of 21 members who remain in office for three years (art. 22) appointed by the list vote mechanism (art. 23), represents as highlighted above the most distinctive element of the dual system, also with respect to the possibility that it is invested, based on the relevant statutory provisions, with management powers. Recourse was made to this possibility, allowed by art. 2409 *terdecies*, par. 1, lett. f) - *bis* of the Italian Civil Code assigning to the Supervisory Board executive administration duties and functions and, in particular, upon proposal by the Management Board, the power to resolve upon matters of general programmatic and strategic policy of the Company and of the Group and verification of the consistency with initiatives taken by the Management Board, as well as the power to authorise particularly significant strategic and major economic-financial transactions. Such "top management" function allows shareholder representatives including minority shareholders present on the Supervisory Board to be involved in principal management decisions in addition to the typical control functions.

In consideration of this, it was decided to broaden the representation of the Supervisory Board, by providing for a significant number of members appointed on the basis of the list vote mechanism, for the purpose of ensuring that all shareholders, including minority shareholders, may put forward their candidates. Shareholders representing at least 1% of the ordinary share capital may submit a list of candidates and Supervisory Board members will be elected on the basis of a "pure" proportional system.

Attribution to the Supervisory Board of executive administration duties also impacts the qualification of its components, which must therefore possess, based on the express provisions of the Article of Associationof association and in addition to the legal requirement of integrity, the quality of professionalism, required by regulations in force for representatives of banks. In addition, at least three members must be enrolled with the register of auditors and must have practised as auditors for at least a three-year period.

In terms of the requirement of independence, all Supervisory Board members must possess the requirements set forth by art. 148, paragraphs 3 and 4 of TUF and by art. 26, par. 1 of TUB and the relative implementation provisions. Furthermore, at least four of them must possess the independence requirements set forth by the Code of Conduct.

The Supervisory Board shall meet normally at least once a month and normally requires the participation of the majority of its components and resolves with the favourable vote by the absolute majority of members present (in case of dead-lock, the Chairman shall have the casting vote). In addition, a qualified majority is provided for the following: appointment of the Chairman and of one or two Deputy Chairmen of the Management Board; approval of any offices held by members in competing groups.

The Supervisory Board plays a fundamental role in the dual governance system not only through the competences, the composition and the characteristics of its members but also through the power entrusted to its Chairman and to the Committees it is entitled to create. The role of the Supervisory Board is constantly linked to the various corporate functions and the bodies responsible for their implementation.

To this end, and as a result of the number of its members it has been deemed necessary to create several Committees (art. 25) within the Supervisory Board. In addition to the **Nomination** and **Remuneration** Committees, particular importance is assigned to the **Internal Control Committee**.

The decision to set up this Committee within the Supervisory Board rather than the Management Board as the entity corresponding to the Board of Directors, from which the Committee emanates in the traditional system, appeared to be the most correct choice, given the additional functions of control and supervision attributed to the Supervisory Board and its related responsibilities, also in terms of executive administration. The decision also appears to be in line with international best practices.

The requirement to assign these duties to a Committee set up within the Supervisory Board also appeared to be the only solution for the body to operate at its best, in terms of the functions which in the traditional system are assigned to the Board of Statutory Auditors and which would encounter difficulty in being discussed by the Board during plenary sessions.

As mentioned, the Internal Control Committee is appointed by the Supervisory Board and consists of three non-executive independent Directors, of which two are auditors with at least three years of professional experience of legal auditing. In addition, the members of the Internal Control Committee are required to participate in the meetings of the Management Board.

The Internal Control Committee shall therefore be responsible for proposing, consulting and enquiring on matters regarding controls over risk management and the accounting system, as well as the internal control systems. The Committee may at any time carry out inspections and controls as well as exchange information with the control bodies of Group companies concerning management and control systems and the general operation of the business.

The **Nomination Committee** shall be responsible for selecting and proposing appointments of the members of the Management Board as well as the Chairman and the Deputy Chairman or Deputy Chairmen of such body.

The **Remuneration Committee** shall be responsible for proposing, and consulting with respect to the Supervisory Board as regards the remuneration:
a) of Management Board members, including the Managing Director and the Management Board members assigned with particular appointments;
b) of the Chairman and the Deputy Chairmen of the Supervisory Board; and
c) of the Supervisory Board members assigned with specific posts, powers or functions by the Articles of Association or the Supervisory Board itself.

The **Chairman of the Supervisory Board,** whose powers are set forth in art. 26 of the Articles of Association, in addition to promoting the activity of the Board, plays a significant role in the supervision and operation of control procedures and systems over the actions of the Parent Company and the Group and in the relations between the Supervisory Board and the Management Board, ensuring, together with Chairman of the Management Board and the Managing Director, the efficient coordination of the actions of these corporate bodies.

Of particular importance is its supervising function with respect to the compliance of management with the general guidelines issued by the Supervisory Board through institutional relationships with the Management Board and the Managing Director and the assignment of a specific power of disclosure, aimed at making proposals to the Supervisory Board.

In addition, it is responsible for activating the information tools necessary for monitoring the correctness and adequacy of the organisational structure and the administrative and accounting systems adopted by the Company and by the Group, thereby ensuring the existence of the conditions for the Supervisory Board and the Internal Control Committee for the proper exercise of the audit and supervisory functions.

The **Management Board**, which is relatively small (composed of a minimum of 7 and a maximum of 11 members, as per art. 13 of the Articles of Association), is entrusted with the management of the company, under and in accordance with the guidelines of the Supervisory Board. In addition to its collective duties which cannot be delegated by law, it also has numerous exclusive competences, linked strictly to the management and organisation of the company. These include (art. 17):
- the policy for the management of risks and internal audit, for which the Management Board is directly responsible, together with the delegated bodies;
- determination and evaluation of the general organisational structure, with the possibility to establish Committees and Commissions with advisory functions;
- determination of the criteria for coordination and management of companies belonging to the Group as well as the criteria for the implementation of Bank of Italy instructions;
- appointment of the Manager in charge of the internal audit unit and of the other functions considered by the Surveillance Instructions to be within the exclusive competence of the administrative body;
- determination of criteria to identify the related parties transactions reserved to the Management Board’s competence.

The Management Board normally meets once a month and deliberates with a majority of its members and with the absolute majority of those present (with the Chairman's vote prevailing in the case of dead-lock), with the exception of several issues (including the appointment and revocation of the Managing Director and the General Managers, and the assignment of related powers, as well as the appointment and revocation of the Manager in charge of preparing the Company's financial reports) which require a majority of the members of the board.

Coordination with the Supervisory Board, in addition to the initiative of the Chairmen of the two Boards, also derives from the quarterly obligations of the Management Board, pursuant to the provisions of art. 150 of TUF, for disclosure to the Supervisory Board of the general performance of operations and significant transactions.

Furthermore, the Management Board shall provide the Supervisory Board on a monthly basis with information on the main figures regarding operations development in the relevant period together with a benchmark comparison *vis-à-vis* the system.

The **Chairman of the Management Board** will have functions (art. 18) and duties typical of the Chairman of the administrative body in the traditional system; he/she is also called to manage relationships with the Supervisory Board and its Chairman for the purpose of an effective coordination of the activities of the two bodies.

At the request of the Supervisory Board the Management Board will appoint the **Managing Director** (art. 19), who is the Chief Executive Officer and supervises the company's management within the powers he/she has been delegated in accordance with the general strategic guidelines set by Company bodies. He/she manages the execution of the resolutions of the Management Board, is responsible for personnel management and determines operational directives, has the power to submit proposals to the Management Board and is responsible for the organisational, administrative and accounting structure, assisted by the General Manager or General Managers.

Lastly, the Articles of Association set forth that the Management Board, having heard the opinion of the Supervisory Board, shall appoint one or more **General Managers** who assist the Managing Director in the management of the company, as part of the powers attributed in the deed of appointment (art. 27). One General Manager may substitute for the Managing Director.

Initial appointments – Effectiveness of the changes in the Articles of Association (art. 34)

The members of the Supervisory Board shall be appointed for the first time by the Ordinary Shareholders' Meeting of Intesa in accordance with the provisions of a specific transitory rule of the new Articles of Association which provides that 19 members be appointed and remain in office for three financial years by the list vote mechanism set forth in Intesa's Articles of Associations in force for the appointment of the Board of Statutory Auditors. At least 15 days prior to the date of the Shareholders' Meeting, the lists of candidates shall be made public. The top 18 candidates from the list which obtains the highest number of votes and the first candidate of the list which receives the second highest number of votes shall be elected. In case of presentation of one list only, all the members of the Supervisory Board shall be elected from that list. The appointment of the aforementioned 19 Supervisory Board members shall come into effect when the merger comes into legal effect.

The Extraordinary Shareholders' Meeting of Sanpaolo will be held after the conclusion of the shareholders meetings of the Surviving Company so that the shareholders, called to approve the merger, may deliberate with complete transparency and agreement on the governance of the company resulting from the merger.

However, after the effectiveness of the merger, for the purpose of ensuring the widest possible participation to the appointment of the other two Supervisory Board members, an Ordinary Shareholders' Meeting shall be called to appoint the additional 2 Supervisory Board members, who shall also remain in office for three financial years (with the exception of the period from the effective date of the merger to the date on which their appointment becomes effective) and shall therefore terminate their office at the same time as the 19 Supervisory Board members indicated above. The appointment of the additional 2 Supervisory Board members shall occur with the list voting procedure provided for by the Articles of Association of the New Bank, but with a percentage of share capital for the presentation of the lists equal to at least 1%, and not exceeding 3% of share capital.

Other Changes in the Articles of Association

Capital increases

As a result of the merger, article 5 of the Articles of Association of the Surviving Company, concerning share capital will be amended to reflect the changes relating to the issuance of the shares to effect the merger.

In particular, the maximum amount of Intesa's share capital increase, on the basis of the set exchange ratio, will be equal to a maximum amount of 3,037,379,042.88 euro through the issue of up to a maximum of 5,841,113,544 new Intesa ordinary shares with a nominal value of 0.52 euro each.

Article 5 of the Articles of Association will also take into account the capital increases to support the exercise of the stock option plans resolved upon by the Company to be merged. The Surviving Company will provide for Sanpaolo's stock option plans and, therefore, adopt a corresponding capital increase for the issue of a number ordinary shares updated on the basis of the exchange ratio used for the merger. To this end, therefore, Intesa will resolve upon a capital increase for a maximum nominal amount of 15,835,003.08 euro through the issue of up to a maximum of 30,451,929 ordinary shares with a nominal value of 0.52 euro each.

Other changes

Furthermore, following the merger the Surviving company will change its Articles of Association, providing for, among other matters:

art. 1: the adoption of Intesa Sanpaolo S.p.A. as new corporate name;

art. 2: the transfer of the registered office to Turin and the establishment of the secondary registered office in Milan;

art. 20: the appointment of the Manager in charge of preparing the Company's financial reports, who shall be appointed by the Management Board, in accordance with the mandatory opinion of the Supervisory Board, with a qualified majority.

Among the most significant changes, in addition to those finalised at and deriving from the dual corporate governance system, are the following:

art. 7: the competences of the Shareholders' Meeting have been redefined on the basis of the new competences attributed in the dual model to the other corporate bodies, providing for the fact, as permitted by law, that the Shareholders' Meeting be called to approve the financial statements in case they have not been approved by the Supervisory Board.

art. 8: the powers to call the Shareholders' Meeting have been reformulated in line with provisions of the dual model and the ability of minority shareholders to request additions to the agenda of the meeting, pursuant to art. 126 *bis* of TUF has been expressly provided for.
The Shareholders' Meeting may be called at the Registered office or in another location in the city where the Company has its Registered office.

art. 9: for the purpose of permitting the widest possible participation in a Shareholders' Meeting the two day term within which communications of the intermediary issuing the certifications required by law must be received has been eliminated.

Transitory rules:
- art. 34, as illustrated above, concerns the appointments of the first members of the Supervisory Board of the Company;
- art. 35 defines the integrity, professional and independence requirements applicable to members of corporate bodies until a new supervisory and/or regulatory model is in force;
- art. 36 requires that the modification of the Key Terms of the Integration Plan, as defined in the plan for the merger, occur following a resolution of the Management Board adopted by a qualified majority, itself following the authorisation of the Supervisory Board also adopted by a qualified majority.

Final Consideration: art. 37 acknowledges the appointment of the first members of the Supervisory Board by the Ordinary Shareholders' Meeting of the Surviving company and the moment the appointment comes into legal effects, that is, from the date on which the merger comes into legal effect.

2.1.3 Projections on significant shareholders as well as the ownership structure of the Surviving Company following the merger

Changes in the Surviving Company's shareholder base post merger

Assuming the maximum increase in share capital, following the merger, the main shareholders of the surviving company will be, considering the pre-merger ownership structures of Intesa and Sanpaolo as resulting from the respective shareholder registers and the other information available for the two Companies:

Shareholder	% share capital
Crédit Agricole S.A.	9.1%
Compagnia di San Paolo	7.0%
Gruppo Assicurazioni Generali(*)	4.9%
Fondazione Cariplo	4.7%
Banco Santander Central Hispano	4.2%
Fondazione Cassa di Risparmio di Padova e Rovigo	3.5%
Fondazione Cassa di Risparmio in Bologna	2.7%
Gruppo Lombardo (**)	2.5%
Giovanni Agnelli & C.	2.4%
Fondazione Cassa di Risparmio di Parma	2.2%
Capitalia	1.0%
Mediobanca	0.8%
Monte dei Paschi di Siena	0.7%
Reale Mutua	0.7%
Caisse Nationale des Caisses d'Epargne	0.7%

(*) Assicurazioni Generali, Alleanza Assicurazioni and other Assicurazioni Generali subsidiaries.
(**) Banca Lombarda e Piemontese, I.O.R., Mittel Partecipazioni Stabili S.r.l., Carlo Tassara S.p.A.

Shareholder agreement between certain shareholders of the Surviving company post merger

At the date of this Informational Document no communications have been received as concerns the desire of shareholders of stipulating one or more shareholder agreements.

2.1.4 Effects of the merger on shareholder agreements concerning the shares of the companies taking part in the merger

As concerns Intesa it must be noted that Crédit Agricole S.A., Fondazione Cariplo, Gruppo Generali, "Gruppo Lombardo", Fondazione Cariparma are parties to a Voting syndicate (which represents 43.81% of Intesa shares with voting rights) intended to ensure continuity and stability of entrepreneurial guidelines and policies in the Company's activities. The syndicate currently in force will expire on 15th April 2008.

To date no communications have been received by Intesa from shareholders taking part in the Voting Syndicate regarding the continued adherence to or the withdrawal from the voting syndicate, for all or for some of the current members.

As highlighted above on 11th October 2006 Crédit Agricole S.A. – at the time of communication of the stipulation of the Agreement with Intesa – issued a press release in which it declared its intention to remain a shareholder of the New Bank, with a stake of less than 5%, and to exit from the Voting Syndicate.

As concerns Sanpaolo the following shareholder agreements are currently in force:
- an agreement, called "Pact of unity of intent", signed on 19th April 2004 by Compagnia San Paolo, Fondazione Cassa di Risparmio di Padova e Rovigo and Fondazione Cassa di Risparmio in Bologna, with a term of three years, which aggregates approximately 13.66% of the ordinary share capital;
- an agreement, signed on 21st April 2004 among the aforesaid Foundations, Banco Santander Central Hispano S.A. and CDC Ixis Italia Holding S.A. (now Caisse Nationale des Caisses d'Epargne), which will automatically expire and will become non-effective on the fifteenth day preceding the date of the first convocation of the Shareholders' Meeting of the Bank called to approve the financial statements as at 31st December 2006. This agreement aggregates approximately 25.36% of the ordinary share capital. Following the merger the pact will cease to be effective at the moment in which the merger comes into legal effects.

2.2 RATIONALE AND OBJECTIVES OF THE MERGER

2.2.1 Rationale of the merger especially concerning management objectives

In recent years the Italian and European financial industry was characterised by a progressive consolidation process and an increase in concentration determined by factors such as:
- the progressive adoption by Authorities of uniform direction and supervisory measures;
- the profound changes occurred in market structures (in international settlement systems, in market companies, etc.) also deriving from the opportunities made possible by technological innovation;
- the search for an adequate critical mass to achieve competitive advantages in terms of cost structure and effectiveness of commercial action.

In this context, Sanpaolo and Intesa have shown that they are capable of successfully seizing the organic and external growth opportunities, playing a forefront role in the consolidation process of the Italian banking industry and becoming two of the leading players at domestic level.

As illustrated above Gruppo Sanpaolo IMI in its current configuration is in fact the result of the merger between Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano, occurred in 1998, and the subsequent integrations of Banco di Napoli in 2000 and Gruppo Cardine in 2002. The Group has been capable of successfully integrating and valorising the diversities of its components, as shown by the adoption of the "National Territorial Bank" model, that involves the maintenance and promotion of regional brands.

Gruppo Intesa is the result of a series of integrations completed successfully: it was formed in 1998 from the integration of Cariplo and Ambroveneto, in 1999 Cassa di Risparmio di

Parma e Piacenza and Banca Popolare FriulAdria join the Group and in 1999 the Tender Offer on 70% of Banca Commerciale Italiana, subsequently incorporated in 2001.

In the past years, Sanpaolo and Intesa have implemented turnaround and commercial relaunch actions, with results which may now be considered achieved and consolidated. The profitability of the two Groups is stable at high levels and the risk profile of assets and the loan portfolio is among the best on the domestic market, as shown by the half-year reports as at 30th June 2006.

The latter show that both Groups have achieved excellent results in terms of:
- positioning, with market shares corresponding to the top three positions in all main areas of activities for both banks;
- profitability, with an annualised ROE of 17.8% for Sanpaolo and 18.7% for Intesa, and a decreasing cost/income ratio to 53.1% and 50.2% respectively;
- capital strength, with solvency ratios among the most prudential, higher than those required by Supervisory authorities (with a Tier I ratio of 7.7% for Sanpaolo and 8.1% for Intesa).

Considering the increasing acceleration of consolidation in the domestic banking system, the proven capability of growing via integration processes and the excellent results achieved, the proposed merger between Sanpaolo and Intesa is consistent with the history and strategy of the two Groups.

The merger between Sanpaolo and Intesa represents a unique opportunity for value creation for shareholders, access to products and services on more competitive terms for customers and professional enhancement for employees.
In particular, the proposed merger presents extremely attractive characteristics with respect to:
- high territorial complementarity, with a widespread presence throughout the national territory, concentrated in the wealthiest areas of the country and limited overlapping;
- increased operational efficiency, due to economies of scale achieved as a result of the dimension reached;
- prevalence of the domestic retail component in the activities of both Groups, which permits to reap the maximum potential benefits from the merger with a limited execution risk;
- compatibility of the organisational models, characterised for both Sanpaolo and Intesa by the presence of an operational parent company with direction and control functions over local banks and specialised companies on speciality products and services;
- extension of the pursuable strategic alternatives, thanks to the achievement of an international dimension together with a sound leadership on the domestic market, which represents the ideal starting point for the future expansion abroad, also considering the experience of many of the largest international financial groups which have thrived starting from a sound rooting in their domestic market.

The New Group could achieve a unique positioning in Italy, which may not be replicated by competitors with any other integration on the market. In particular, the New Group will be market leader in Italy:
- in terms of distribution network, with about 5,500 branches corresponding to a market share of over 17% and complete and uniform geographic coverage of the entire country, particularly in the wealthiest regions;
- in the Retail, Private and SME segments, due to a retail customer base of 12 million; a 20.4% market share on deposits and leadership position in the placement of asset management products and life insurance policies, where it will enjoy a market share of 31% of funds placed and 28% of new life insurance premiums collected through the banking and postal channel; a leading position in the residential mortgages segment, with a 19% market share in terms of flows disbursed;
- in Corporate & Investment Banking, where it will be by far the leading national operator, with an overall share of almost 20% of total loans to companies. The New Group is expected to be a leading forefront player in factoring, trade finance, and in the areas of project and acquisition finance and syndicated lending. It will also become the key Italian operator in the capital markets segment, achieving a significant critical mass in market-making activities;

- in the Public Entities and Infrastructures sector, where it will achieve the position of leading specialised operator, with over 23 billion euro in financing to customers (including securities) and a market share estimated at around 22%. Backed by this strong position in Italy, the New Group will explore opportunities to expand business to the rest of Europe, leveraging on its expertise in the sector and the consolidated presence of the New Group abroad;
- in Asset Management and Bancassurance where with Eurizon, market leader in the promotion and management of mutual funds with a market share of 19%, and Eurizon Vita, in third place in terms of the issuance of insurance premiums in the life branch, it will further benefit from the Agreement between Banca Intesa and Crédit Agricole S.A. in Asset Management.

Furthermore, the New Group, due to the complementary presence of Sanpaolo and Intesa in the markets of Central-Eastern Europe is expected to considerably strengthen its coverage and commercial effectiveness in this area, where it will be among the leading players in 10 countries, with approximately 1,370 branches and total assets of approximately 25 billion euro.

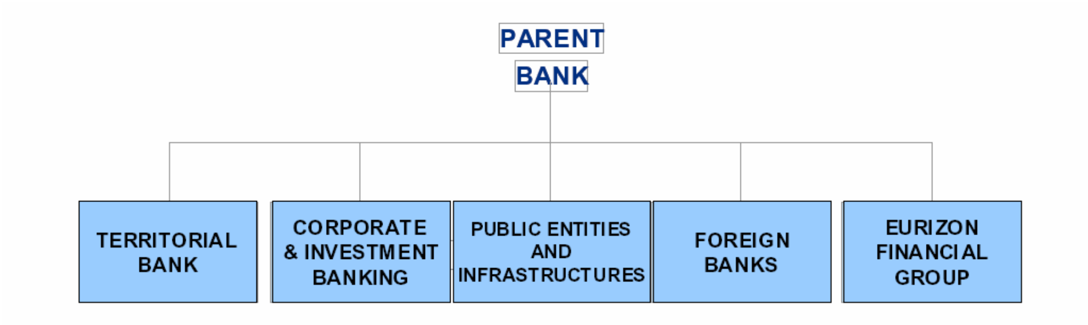
The consolidation of presence in Central-Eastern Europe may set the foundations for development in new areas, such as in particular in the Mediterranean Basin, where Sanpaolo recently acquired, for a consideration of 1.6 billion dollars, an 80% controlling interest in Bank of Alexandria, the third bank in Egypt, with total assets of almost 5 billion euro.

2.2.2 Indication on the programmes made by the Surviving Company with particular reference to business prospects

The strategy of the New Group is expected to be aimed at sustainable growth and strong value creation which must be pursued by developing the trust of its stakeholders and maintaining a strict control over all management levels.

The main strategic guidelines which are expected to enable the New Group to achieve these objectives may be summarised in the following points:
- consolidate excellence in customer relations, through a strong focus on product/service innovation, the capillary coverage of the national territory and the sharing of the operating and management best practices;
- achieve and maintain a clear cost leadership, thanks to economies of scale in product factories, in service/support activities and synergies in governance and control functions;
- focus on human and professional growth of all employees, in order to enhance quality and motivation of human resources, which is a key success factor for the New Group. The formation of a leading Group in Italy with international growth ambitions will in fact offer new professional development opportunities both for current employees and for the talented resources which it will be capable of attracting;
- support Italy’s development, by financing large works and supporting the growth of Italian companies – both at national and international level – developing local markets, innovating and modernising the public administration;
- significantly strengthen the presence abroad, by benefiting from the strong growth potential of the International Banks already controlled in Central-Eastern Europe, and creating the conditions to significantly increase geographic diversification in the future; and
- optimise risk profile and capital management, by leveraging the excellent asset quality of the Sanpaolo and Intesa and utilising the sophisticated risk management processes/tools.

The principal action plans in the five macro-areas into which the New Group‘s activities will be organised are set out below.



For its retail, private and SME activities, the New Group proposes to share the benefits deriving from its leadership position with its customer base, providing customers (retail, private and SME) with the financial tools for realisation of their respective projects. The physical channels will be accompanied by a high-quality network of remote channels - phone banking, mobile banking and internet banking. It is expected that the integration may lead to very high levels of effectiveness (quality of operations and service) and efficiency (lower unit costs) with significant advantages for customers in terms of simplicity and competitiveness of services.

The mission of the Corporate & Investment Banking division will be to support the balanced and sustainable development of medium/large companies and financial institutions with a medium-long term view, both nationally and internationally. In this perspective the Business Unit is expected to position itself as “global partner” with an in-depth knowledge of corporate strategies and a complete offer of financing services, financial consulting and capital markets to support them. Furthermore, a key element of the New Group’s growth strategy in Corporate & Investment Banking will be continuous improvement in its risk management capacity through a combination of the best methods, tools and processes of the two Groups and more complete information on customers.

In the Public Entities and Infrastructures sector, the New Group is expected to be involved in the financing of infrastructures and services for public utility, with specialised product teams and a dedicated network. Taking advantage of its distinctive competences and of the critical mass developed in Italy in this sector, the New Group is expected to be involved in identifying and pursuing development opportunities abroad, particularly with respect to the financing of public works in Strategic Countries for the New Group.

As concerns retail subsidiary banks in other Countries, first of all, the New Group aims to consolidate and strengthen its presence in Central and Eastern Europe and, eventually, in the Mediterranean Basin. To this end, in addition to a gradual process of simplification of structures in those Countries (especially Hungary and Serbia) in which the New Group will have more than one commercial bank as a result of the merger, the construction of a consolidated regional technological and operating platform serving all banks of the New Group in Central-Eastern Europe will be evaluated.

Lastly, in the Asset Management and Bancassurance sectors, the Agreement stipulated on 11th October by Banca Intesa and Crédit Agricole S.A. opens up new opportunities for the New Group, strengthening the development prospects of Eurizon. This company may therefore confirm the plan for organic and external growth already initiated: there are substantial opportunities for development both on the demand side, in terms of new pension products, medium-term savings and the protection of people and their income, as well as on the supply side, in consideration of the consolidation processes underway among operators and the trend towards progressive separation of service producers and distributors on the market.
In Bancassurance, in particular, Intesa and Sanpaolo operate through Intesa Vita and Eurizon, two important companies which are market leaders in the sector. The Business Plan will define the most appropriate ways to enhance these assets.

2.3 DOCUMENTS AVAILABLE TO THE PUBLIC

The documentation pursuant to article 2501-*septies* par. 1 and 3 of the Italian Civil Code, in addition to this Informational Document is available at the Registered offices of the companies involved in the merger as well at Borsa Italiana S.p.A., Milano - Piazza Affari, 6. Furthermore, the Parent Company's and consolidated financial statements of Intesa and Sanpaolo for the financial years 2003, 2004 and 2005, with the reports of Directors, Statutory Auditors and Independent Auditors are also available at the Registered offices of the companies involved in the merger.

Furthermore, all the documentation is also available, both in Italian and in the English translation, in addition to the Registered offices of the companies involved in the merger, on Sanpaolo's website (www.grupposanpaoloimi.com) and Intesa's website (www.bancaintesa.it).

3. SIGNIFICANT EFFECTS OF THE MERGER

3.1 POTENTIAL SIGNIFICANT EFFECTS OF THE MERGER ON KEY FACTORS WHICH INFLUENCE AND CHARACTERISE THE ACTIVITY AND TYPE OF BUSINESS OF THE SURVIVING COMPANY[1]

The merger does not lead to variations in the main type of business of the two Groups. It pursues the objectives already outlined in section 2.2 above.

The merger of Sanpaolo and Intesa will form the largest Italian banking group, with over 5,500 branches, approximately 12 million retail customers and one of the largest banking groups in Europe.

Both Gruppo Intesa and Gruppo Sanpaolo IMI have prepared pluriannual Business Plans, approved by the respective Boards of Directors and disclosed to the public, which foresee the achievement of important targets. Results for 2005 and those generated in the first three quarters of 2006 confirm forecasts and the possibility of achieving targets for 2007.

The New Group's Business Plan is expected to be drawn up within the first half of 2007 after the completion of the merger and the attribution of the main managerial positions.

To date a projection of the two Plans has been drawn up, integrated by a preliminary estimate of the possible cost and revenue synergies that may arise from the merger, which leads to deem that the following targets may be reached in 2009 (excluding integration costs and taking into account the disposal to Crédit Agricole S.A.), which is the forecasted year of conclusion of the New Group's future Business Plan, when all the possible effects of the merger are foreseen to be achieved:

– net income 2009 at approximately 7 billion euro;
– 2005-2009 average annual compound growth rate for net income equal to approximately 14.9%, adjusted for the main non-recurring items registered in 2005;
– EPS improvement in 2009 following the synergies equal to approximately 16%;
– pay-out equal to at least 60% of net income, with possibility to return excess capital to shareholders – also in the light of the above-mentioned expected strong value creation – notwithstanding the high level of capitalisation and a substantial plan of investments in innovation and human capital;
– operating income 2009 of approximately 13.4 billion euro, with a 2005-2009 average annual compound growth rate of approximately 16.9%.

It is deemed that such objectives may be achievable also thanks to the expected significant synergies which may arise from the merger between Sanpaolo and Intesa, quantifiable in approximately 1,550 million euro per year before taxes fully phased in 2009, approximately 63% of which represented by cost savings and the remaining 37% by additional revenues.

Pre-tax integration costs are currently estimated at approximately 1,550 million euro in the 2007-2009 period.

[1] **FORWARD-LOOKING STATEMENTS**
This communication contains forward-looking information and statements about Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. and their combined businesses after completion of the merger. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates" and similar expressions. Although the managements of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. to CONSOB and under "Risk Factors" in the annual report on Form 20-F for the year ended December 31, 2005 filed by Sanpaolo IMI S.p.A. with the SEC on June 29, 2006. Except as required by applicable law, neither Sanpaolo IMI S.p.A. nor Banca Intesa S.p.A. undertakes any obligation to update any forward-looking information or statements.

Main assumptions underlying forward-looking statements

As already underlined, a Business Plan which considers the integration of the two entities has not yet been prepared. However, certain financial estimates have been calculated for the end of financial year 2009.

Targets have been estimated applying the following methodology:

- use of Intesa's Business Plan (2005-2007) and Sanpaolo's Business Plan (2006-2008) already approved by the respective Boards of Directors;
- projection to 2009 of Intesa's and Sanpaolo's stand alone Business Plans currently under way;
- estimate of the economic and financial projections of the assets sold to Crédit Agricole S.A.;
- estimate of the revenue and cost synergies to 2009 deriving from the integration and additional with respect to those contained in the projected Intesa and Sanpaolo stand alone Business Plans;
- estimate of the integration charges consequent to the merger and deemed to be required to reach the synergies.

In 2005 the two groups launched three-year Business Plans that, leveraging on integration and rationalisation processes completed in previous years, pursued considerable growth in terms of both operations and economic results.

The two Plans, drawn up at different moments and relative to different timeframes – 2005/2007 for Intesa and 2006/2008 for Sanpaolo – have to date enabled the advance achievement of various objectives. The new projections of the two groups stand alone have been formulated starting from the objectives of the respective Business Plans and adjusting estimates on the basis of results achieved to date with the projections of estimates to 2009.

Such Plans have been prepared using accounting principles which are practically consistent with those adopted for the consolidated financial statements as at 31st December 2005 and in accordance with IFRS adopted by the European Union.

The assumptions concerning the main management actions at the base of the two stand alone Business Plans are set out below.

Intesa's 2005/2007 Plan is aimed at positioning the bank as one of the leading European players in terms of value creation, profitability, capitalisation and service quality to customers. Current targets entail that revenues increase with an annual growth rate of approximately 7.4%, operating costs at approximately 1.1% and operating margin at approximately 15.6%. The main levers to achieve such targets have been identified in:

- sustainable growth, based on a responsible and constructive relation with the Country System to be achieved by the satisfaction of customers, whose specific needs are met by increasingly complete and innovative products; the valorisation of the people who work in the Group via the use of transparent and merit-oriented assessment systems, the launch of training initiatives (800,000 man-days for the 2005-2007 three-year period) and internal communication, the motivation of individual and team work, the extension of employee stock ownership plans; as well as through an investment plan in innovation, mostly focused on enhancing service quality for customers;
- strict cost discipline, to be achieved via the forecasted completion of the restructuring implemented in the previous plan: in particular, the programmed rationalisation of structures, the simplification of the organisation, the increase in IT efficiency and the review of the main products and operating processes;
- optimisation of risk management and capital allocation, to be achieved via the valorisation of the risk measurement systems developed in house and the rigorous policies introduced in the last few year, as well as the integration of planning and internal audit processes in risk/return metrics.

The stand alone Business Plan of Sanpaolo, approved by the Board of Directors and presented to the markets in October 2005, foresees an average annual growth rate of 8% for revenues, of approximately 2.1% for functioning costs and of approximately 17.4% for income before taxes, higher than those forecasted for the Italian baking system and deriving from a series of management actions over both revenues and costs.

As concerns revenues the main programmed actions may be summarised as follows:

- alignment of commercial actions in the territorial areas to internal best practices as concerns both the penetration rate of retail products and the share of wallet in financing companies;
- expansion of the customer base in the same areas;
- development of new products;
- revision of the distribution model.

As concerns costs the Plan sets out a trend in line with inflation thanks to the forecasted liberation of human and financial resources for the support of growth projects, due to a forecasted improvement in efficiency of organisational processes both in head office departments and in distribution networks.

Tax effects for both plans have been determined applying different tax rates based on past tax burden of each company applied to pluriannual business plans approved by the respective Boards of Directors.

The aforementioned plans were projected to 2009 – date of conclusion of the future new aggregate Business Plan – considering the macroeconomic scenario assumptions formulated by the internal research departments of the two banks using estimates of the main domestic and international research departments (Prometeia, CER, Oxford Economic Forecasting, ABI Financial Outlook).
Therefore, scenario forecasts hereafter are exclusively based on assumptions over which Intesa and Sanpaolo management have no influence.

In detail, in the assumed scenario the European Central Banks maintains the refi rate unchanged at 3.25% for the entire time frame (this assumption seems to be prudential considering also the most recent statements of the ECB). Interbank interest rates on funding and lending are forecasted to rise also for most of 2007 due to the lag accumulated in adapting to the previous rises in money market rates. Subsequently, interest rates are expected to remain practically stable. In terms of contribution of short-term intermediation average annual mark-up is deemed to change from approximately 3.17% of 2005 to approximately 2.68% of 2009 (-49 b.p. in the period) while mark-down is forecasted to increase from approximately 1.43% of 2005 to approximately 2.12% of 2009 (+69b.p.).
The increase in demand for bank loans is considered to remain rather high, with an approximately 7% annual average growth rate, sustained by both household demand and enterprises' financing requirement. An average annual growth rate of approximately 5% is expected for customer deposits and an approximately 6% growth rate for managed funds.

As a result of the aforementioned trends, in the 2006-2009 period operating margin for the banking system is expected to increase at an average annual growth rate exceeding 9%. In particular, the trend of operating income is forecasted to increase at an average growth rate of approximately 6.4%, with an interest margin up by approximately 6.5%, due to the satisfactory trend recorded by intermediated funds and the recovery of spread on both short-term and long-term lending and deposit collecting activities. As concerns the trend of income from services, expected to grow at 6.3% per year, the scenario foresees an average growth of approximately 7.3% for net fee and commission income; in particular, a better propensity of investors for asset management will contribute to fasten portfolio recomposition in favour of more profitable products for banks. Operating costs are expected to remain in line with trends recorded in more recent years. In fact, attention paid by banks to cost containment (CAGR-*Compound Average Growth Rate* for 2005-2009 equal to approximately 4.4%) will continue to represent a strategic lever in a competitive scenario characterised by the reduction in unit margins in many business areas. Therefore, the scenario sets out a moderation in the rise in personnel expenses (on average equal to 3.3%) and simultaneously for other expenses an average growth rate of approximately 5.5%.

As concerns the changes in the consolidation area following the Agreement with Crédit Agricole S.A. which provides for the disposal of 652 branches (193 branches of the Intesa Network and the banks Cariparma and FriulAdria) and consequently the possibility for the New Group of complying with an important part of the constraints which could be imposed by the Antitrust authority, the statement of income and balance sheet data relating to such assets have been deducted from forward-looking statements. In particular, aggregate pro-

forma figures for the first half closed as at 30th June 2006 highlighted revenues of approximately 800 million euro, net income of approximately 200 million euro, intermediated volumes (loans to customers, direct and indirect customer deposits) of approximately 90 billion euro.
Furthermore, the Agreement signed with Crédit Agricole S.A. provides for the possibility for Intesa – through the exercise of call/put options – of acquiring 65% of the asset management activities formerly referred to as Nextra and sold to Crédit Agricole S.A. at the end of 2005. If the project of setting up a pan-European joint-venture in the asset management activities is not deemed feasible by one of the parties, such options may be exercised during 2007. In consideration of the current uncertainty on the exercise of the aforementioned options, the possible effects of the transaction described above are not taken into account in the preparation of the forward-looking statements.

Forward-looking statements have been integrated with estimated synergies deriving from the merger and integration costs, based on hypothetical assumptions which may be partly influenced by Intesa and Sanpaolo management.

The synergies deriving from the integration between Gruppo Sanpaolo IMI and Gruppo Intesa, estimated on the basis of the Group's new structure, are quantifiable in approximately 1,550 million euro per year before taxes fully phased in 2009, approximately 63% of which represented by cost savings and the remaining 37% by additional revenues.
In particular, cost synergies are quantifiable in approximately 980 million euro from:

- reduction in IT expenses, from the rationalisation of processing centres, the elimination of duplications in applications and economies of scale achievable via best practices in procurement and higher contractual power on supply markets with an expected saving of approximately 270 million euro;
- rationalisation and reorganisation of head office functions, following the new aggregate structure with an estimated benefit of approximately 140 million euro;
- reduction in administrative expenses, through interventions on the various expense types acting on both consumption volumes and prices requested on the market with an expected benefit of approximately 310 million euro;
- rationalisation of transaction and administrative activities, centralising in back office poles at central and local level with expected benefits of approximately 160 million euro;
- integration of product companies, foreign banks and international network with positive effects expected at approximately 100 million euro.

Estimated revenue synergies of approximately 580 million euro may be generated for approximately 400 million euro from *Retail Banking*, via the achievement of an adequate "critical mass" at single "micromarket" level which should enable to maximise cross-selling to customers through the extension of commercial best practices of the two banks. Furthermore, following the unification, the area in which the New Group may use its communication and sale operations will be expanded; in fact, every commercial campaign may deploy its effects on a far higher number of branches and customers than those of the two banks stand alone and thus facilitate the introduction and sale of innovative products. When combined *Corporate & Investment Banking* is fully operational it will generate additional revenues of approximately 180 million euro (250 million euro gross of approximately 70 million euro of lower revenues following the forecasted reallocation of the volumes of activities by corporate customers with high share of wallet), it is deemed that it will be possible to leverage the growth potential without worsening the risk profile, due to the presence of significant customer groups in which it is possible to improve penetration – especially in certain regions which present particularly high growth rates – and the forecasted opportunity to increase cross-selling of products. Due to the strong footing in local markets and to the improvement in service levels, the New Group will be able to exercise the role of "housebank" for Italian companies, improving service levels and increasing its revenues.

Integration charges have been determined estimating the costs connected with the realisation of the various projects necessary to perfect the integration between the two groups and are forecasted in approximately 1,550 million euro before taxes in the period 2007-2009. In particular, approximately 1,065 million euro are allocated to start training projects and projects to support initiatives to improve efficiency of human resources, approximately 185 million euro to initiatives aimed at valorising the new brand and commercial development and, lastly, 300 million euro to other interventions (IT, mobility, renovation of branch layout, etc.).

The determination of forward-looking statements, consistently with consolidated pro-forma figures set out in chapter 5, does not include adjustments on any allocations to property, equipment and intangible assets with definite useful life of the difference between current value of Intesa shares which will be issued to effect the merger and Gruppo Sanpaolo IMI's consolidated shareholders' equity.

Report of the Independent Auditors on forward-looking statements

The Independent Auditors Reconta Ernst & Young S.p.A. issued a report relative to the verifications made on the figures and the estimation process illustrated in this chapter. Such report is attached to this Informational Document.

3.2 POTENTIAL IMPLICATIONS OF THE MERGER ON STRATEGIES CONCERNING THE COMMERCIAL, FINANCIAL AND CENTRALISED SERVICE RELATIONS BETWEEN GROUP COMPANIES

The merger will not produce significant variations as concerns commercial, financial and centralised service relations between the companies of the New Group.

4. STATEMENT OF INCOME, BALANCE SHEET AND FINANCIAL HIGHLIGHTS OF THE COMPANY TO BE MERGED

The present chapter contains the statement of income and balance sheet results of Gruppo Sanpaolo IMI relative to the years ended as at 31st December 2005 and as at 31st December 2004 and to the first half of 2006 and 2005. Comments must be considered together with the Annual reports and notes to the financial statements of such years. Annual reports 2005 and 2004 have been audited and half-year reports have been subjected to limited review by PricewaterhouseCoopers and are available both in Italian and in the English translation at the Registered office of Sanpaolo, at Borsa Italiana S.p.A., as well as on Sanpaolo's website (www.grupposanpaoloimi.com) and Intesa's website (www.bancaintesa.it).

4.1 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY TO BE MERGED FOR THE YEARS 2005 AND 2004 AND RELATED EXPLANATORY NOTES

Pursuant to Art. 3, par. 1 of Legislative Decree no. 38/2005 Gruppo Sanpaolo IMI's consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as endorsed by the European Commission at 31st December 2005 on the basis of the procedure set forth by EC Regulation no. 1606/2002.

In preparing the financial statements, further reference was made to the provisions set forth in Bank of Italy Circular no. 262 of 22nd December 2005 regulating bank financial statements, and the provisional measures issued by the Bank of Italy in its Sanction dated 22nd December 2005.

For interpretative purposes and as a support in the application of the new accounting principles, additional documents not endorsed by the European Commission were also examined:

- *Framework for the Preparation and Presentation of Financial Statements of the International Accounting Standards Board* (issued in 2001 by IASB);
- *Implementation Guidance, Basis for Conclusions* and any other documents drawn up by the IASB or the IFRIC to provide further guidance on the accounting principles issued.

Lastly, still on the subject of interpretation, other documents taken into account included those dealing with the application of IAS/IFRS in Italy issued by the Italian Accounting Organism (O.I.C.) and the Italian Bankers' Association (ABI).

The preparation of financial statements requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and statement of income, and on the potential assets and liabilities reported in the financial statements. Estimates are based on available information and subjective evaluations, often founded on past experience, which are used to formulate reasonable assumptions to be made in measuring operating phenomena. Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.

The main cases for which subjective evaluations are required to be made by management include:

- the measurement of impairment losses on loans and, generally, other financial assets;
- the determination of the fair value of financial instruments to be used in statement schedules;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the valuation of appropriateness of amounts stated for goodwill and other intangible assets;
- the measurement of personnel funds and provisions for risks and charges;
- estimates and assumptions on the collectability of deferred tax assets;

– demographic (linked to the estimated mortality of insured people) and financial (deriving from the possible trend in financial markets) assumptions used to structure insurance products and define the basis for calculating integrative reserves.

Results for 2005 are shown, for comparative purposes, beside 2004 figures. In this case, Gruppo Sanpaolo IMI exercised the option provided for by IFRS 1, to defer the first-time application of IAS 32 and 39 and IFRS 4 to 1.1.2005 and apply Italian GAAP standards for comparative information regarding the financial instruments and insurance contracts subject to the aforementioned IAS/IFRS.

The differences resulting from the application of the above different accounting principles have made it necessary to report them separately in the column relative to 2004. For this purpose, and exclusively for the items in question, the comparative schedules make use of the denominations set forth in Circular no. 166 issued by the Bank of Italy on 30th July 1992, with specific captions introduced for insurance subsidiaries in order to integrate the information provided. The captions regarding insurance subsidiaries are not found, however, in the consolidated financial statements of Gruppo Sanpaolo IMI published in the Annual report 2004.

The area of full consolidation includes:
– banking, financial and instrumental subsidiaries that are part of Sanpaolo Banking Group, recorded in the appropriate register provided for by art. 64 of TUB;
– the remaining subsidiaries that carry out activities other than those referred to above (essentially the insurance companies under Eurizon);
– the entities of companies in respect of which the Group is exposed to the majority of risks and obtains the majority of benefits.

The area of full consolidation excludes some minor entities whose balance sheet and statement of income results are not significant to the consolidated financial statements.

“Joint control” equity investments and companies over which the Group has “significant influence” are accounted for using the equity method. A company is considered subject to joint control where agreements exist to the effect that any administrative, financial and management decisions require both the Group’s consent and that of the other participants sharing control over the company.

The area of full consolidation of the Group as at 31st December 2005 did not change significantly compared to as at 31st December 2004 on a IAS compliant basis. For completeness, it must be noted that in the Annual report 2005 the activities carried out by the Wargny companies were consolidated in disposal groups since the process for the disposal of such companies had already commenced.

The financial statements used for full consolidation were those prepared as at 31st December 2005, as approved by the competent bodies of the subsidiaries concerned and adjusted, where necessary, for consistency with Group accounting policies. The valuation of investments using the equity method was made on the basis of the latest reports or financial statements available.

CONSOLIDATED STATEMENT OF INCOME

(in millions of euro)

		2005	2004 (*)
10.	Interest income and similar revenues	8,235	
10. It.	*Interest income and similar revenues*		7,196
20.	Interest expenses and similar charges	(3,786)	
20. It	*Interest expenses and similar charges*		(3,534)
30.	**Net interest income**	**4,449**	**3,662**
40.	Commission income	4,166	
40. It	*Commission income*		3,980
50.	Commission expense	(758)	
50. It	*Commission expense*		(764)
60.	**Net commissions**	**3,408**	**3,216**
70.	Dividends and similar revenues	475	
30. It	*Dividends and other revenues*		152
80.	Profits (losses) on financial trading activities	104	
90.	Fair value adjustments from hedge accounting	(4)	
100.	Profit (losses) from sale or repurchase of:	394	
	a) loans	57	
	b) available-for-sale financial assets	347	
	c) held to maturity investments	-	
	d) financial liabilities	(10)	
110.	Profits (losses) on financial assets and liabilities designated at fair value	219	
60. It	*Profits (losses) on financial transactions*		227
	Technical income from the casualty insurance business gross of administrative costs (**)		10
	Technical income from the life insurance business gross of administrative costs (**)		(1,478)
120.	**Net interest and other banking income**	**9,045**	**5,789**
130.	Impairment losses/write-backs to:	(442)	
	a) loans	(437)	
	b) available-for-sale financial assets	(1)	
	c) held to maturity investments	-	
	d) other financial transactions	(4)	
140. It	*Provisions to the reserve for probable loan losses*		(17)
120. It	*Adjustments to loans and provisions for guarantees and commitments*		(914)
130. It	*Write-backs of adjustments to loans and provisions for guarantees and commitments*		410
150. It	*Adjustments to financial fixed assets*		(106)
160. It	*Write-backs of adjustments to financial fixed assets*		124
140.	**Net result of financial activities**	**8,603**	**5,286**
150.	Net insurance premiums	3,599	
160.	Balance of other income (charges) arising on insurance activities	(4,496)	
170.	**Net result of financial and insurance activities**	**7,706**	**5,286**
180.	Administrative costs: (***)	(4,353)	(4,346)
	a) personnel	(2,839)	(2,821)
	b) other	(1,514)	(1,525)
190.	Net provisions for risks and charges	(53)	(216)
200.	Net adjustments to tangible assets (***)	(239)	(242)
210.	Net adjustments to intangible assets	(198)	(230)
220.	Other operating income (expenses)	74	29
	Other net income from insurance activities (**)		1,838
230.	**Operating costs**	**(4,769)**	**(3,167)**
240.	Profits (losses) on investments in associates and companies subject to joint control	70	
250.	Net result of fair value adjustments to tangible and intangible assets		
170. It	*Profits (losses) from investments carried at equity*		26
260.	Impairment of goodwill	(1)	
270.	Profits (losses) on disposal of investments	17	
280.	**Operating profits (losses) before tax from continuing operations**	**3,023**	**2,145**
230. It	*Change in reserve for general banking risks*		(2)
290.	Income taxes for the period	(948)	
240. It	*Income taxes*		(754)
300.	Net profit (loss) after tax from continuing operations	2,075	1,389
310.	Profits (losses) from discontinued operations	(35)	(35)
190. It	*Extraordinary income*		286
200. It	*Extraordinary expense*		(138)
320.	**Profit (loss) for the period**	**2,040**	**1,502**
330.	Profit (loss) for the period attributable to minority interests (***)	(57)	(55)
340.	**Parent Bank net profit (loss)**	**1,983**	**1,447**
	Net profit (loss) per share (€)	1.06	0.79
	Diluted profit (loss) per share (€)	1.06	0.79

(*) Balances IAS compliant (so-called mixed model) reconstructed in conformity with IFRS 1 without application of IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts) whose transition date is fixed at 1/1/2005.

(**) Entries include contribution of insurance business only.

(***) Entries include values relating to insurance business.

CONSOLIDATED BALANCE SHEET

(in millions of euro)

	ASSETS	31/12/2005	31/12/2004 (*)
10.	Cash and cash equivalents	1,107	1,347
20.	Financial assets held for trading	25,037	
30.	Financial assets designated at fair value	22,528	
40.	Available-for-sale financial assets	29,837	
50.	Held-to-maturity investments	2,535	
20. It	*Treasury bills and similar bills eligible for refinancing with central banks*		2,612
50. It	*Bonds and other debt securities*		23,702
60. It	*Shares, quotas and other equities*		3,026
140.It	*Own shares or quotas*		54
60.	Loans to banks	28,836	
30. It	*Loans to banks*		23,942
70.	Loans to customers	139,507	
40. It	*Loans to customers*		123,201
80.	Hedging derivatives	435	
90.	Changes in fair value of assets in hedged portfolios (+/-)	-	
	Assets related to insurance activities (**)		39,429
100.	Investments in associates and companies subject to joint control	819	
70. It	*Equity investments*		3,652
80. It	*Investments in Group companies*		1,082
110.	Insurance reserves attributable to reinsurers	29	
	Insurance reserves attributable to reinsurers (**)		25
120.	Tangible assets	2,177	2,328
130.	Intangible assets	1,008	1,055
	of which:		
	- goodwill	*756*	*766*
140.	Tax assets	2,728	3,304
	a) current	988	1,798
	b) deferred	1,740	1,506
150.	Non-current assets and disposal groups classified as held for sale	220	
160.	Other assets	6,455	
150. It	*Other assets*		20,174
160. It	*Accrued income and prepaid expenses*		3,827
	Total assets	**263,258**	**252,760**

(*) Balances IAS compliant (so-called mixed model) reconstructed in conformity with IFRS 1 without application of IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts) whose transition date is fixed at 1/1/2005.

(**) Entries include contribution of insurance business only.

(in millions of euro)

	LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2005	31/12/2004 (*)
10.	Due to banks	35,682	
10. It	*Due to banks*		28,277
20.	Due to customers	92,306	
20. It	*Due to customers*		88,510
30.	Securities issued	46,985	
40.	Financial liabilities held for trading	11,342	
50.	Financial liabilities designated at fair value through profit and loss	25,939	
30. It	*Securities issued*		47,986
60.	Hedging derivatives	730	
70.	Changes in fair value of liabilities in hedged portfolios (+/-)	(35)	
40. It	*Public funds administered*		150
110. It	*Subordinated liabilities*		6,955
	Liabilities related to insurance activities (**)		638
80.	Tax liabilities	860	783
	a) current	216	*304*
	b) deferred	644	*479*
90.	Liabilities included in disposal groups classified as held for sale	164	
100.	Other liabilities	10,573	
50. It	*Other liabilities*		22,755
60. It	*Accrued expenses and deferred income*		2,651
110.	Provisions for employee termination indemnities	1,001	882
120.	Provisions for risks and charges:	1,882	1,734
	a) post-retirement benefit obligations	*425*	*209*
	b) other	*1,457*	*1,525*
130.	Technical reserves	22,113	
	Technical reserves (**)		38,849
140.	Valuation reserves	1,286	343
150.	Redeemable shares	-	
160.	Capital instruments	-	
170.	Reserves	4,298	4,575
180.	Share premium reserve	769	725
190.	Capital	5,239	5,218
200.	Own shares (-)	(92)	
210.	Minority interests (+/-)	233	282
220.	Profit (loss) for the year	1,983	1,447
	Total liabilities and shareholders' equity	**263,258**	**252,760**

(*) Balances IAS compliant (so-called mixed model) reconstructed in conformity with IFRS 1 without application of IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts) whose transition date is fixed at 1/1/2005

(**) Entries include contribution of insurance business only.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE LAST TWO YEARS

(in millions of euro)

INDIRECT METHOD	Amount	
	2005	2004
A. OPERATIONS		
1. Management activities	**2,488**	**3,283**
- profit for the year (+/-)	1,983	1,447
- capital gains/losses on financial assets held for trading and on assets/liabilities designated at fair value (-/+)	(1,265)	-
- capital gains/losses on hedging activities (-/+)	4	-
- net value adjustments/write-backs due to impairment (+/-)	(734)	469
- net value adjustments/write-backs on tangible and intangible assets (+/-)	438	520
- net provisions for risks and charges and other costs/revenues (+/-)	1,492	214
- net premiums to be collected (-)	(20)	(16)
- other unrealized insurance income/charges (-/+)	739	742
- unpaid duties and taxes (+)	(184)	(128)
- net adjustments/write-backs on groups of discontinued operations, net of taxes (-/+)	35	35
- other adjustments (+/-)	-	-
2. Liquid assets generated/absorbed by financial assets	**(12,335)**	**(17,067)**
- financial assets held for trading	3,804	(11,371)
- financial assets designated as at fair value	2,989	-
- available for sale financial assets	(3,514)	(28)
- due from banks: repayable on demand	1,132	3,320
- due from banks: other loans	(4,186)	(4,830)
- loans to customers	(13,689)	1,231
- other asset captions	1,129	(5,389)
3. Liquid assets generated/absorbed by financial liabilities	**12,098**	**16,078**
- due to banks: repayable on demand	2,594	(1,616)
- due to banks: other deposits	4,795	1,331
- due to customers	3,571	8,611
- Securities issued	(6,076)	(2,790)
- Financial liabilities held for trading	72	-
- Financial liabilities evaluated at fair value	5,148	-
- Other liabilities	1,994	10,542
Net liquid assets generated/absorbed by operations	**2,251**	**2,294**
B. INVESTMENTS		
1. Liquid assets generated by	**172**	**195**
- sale of investments	118	32
- dividends received from investments	-	-
- sale of financial assets held to maturity	-	-
- sale of tangible assets	54	162
- sale of intangible assets	-	1
- sale of subsidiaries and business divisions	-	-
2. Liquid assets absorbed by	**(1,243)**	**(1,184)**
- Purchase of investments	(72)	(391)
- purchase of financial assets held to maturity	(717)	(262)
- purchase of tangible assets	(208)	(329)
- purchase of intangible assets	(155)	(168)
- purchase of subsidiaries and business divisions	(91)	(34)
Net liquid assets generated/absorbed by investments	**(1,071)**	**(989)**
C. FUNDING ACTIVITIES		
- issue/purchase of own shares	(31)	-
- issue/purchase of capital instruments	-	-
- dividend distribution and other uses	(1,406)	(1,420)
Net liquid assets generated/absorbed by funding activities	**(1,437)**	**(1,420)**
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE YEAR	**(257)**	**(115)**

Reconciliation

(in millions of euro)

Captions	Amount	
	2005(*)	2004(**)
Cash and liquid assets at the beginning of the period	1,364	1,480
Total liquid assets generated/absorbed during the year	(257)	(115)
Cash and liquid assets: effect of movements in exchange rates	-	-
Cash and liquid assets at the close of the year	**1,107**	**1,365**

(*)The caption "Cash and liquid balances at the beginning of the year" includes IAS 32 and 39 and IFRS 4.

(**) Includes 18 million euro contained in the caption "Assets related to insurance activities".

4.2 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY TO BE MERGED FOR THE FIRST HALF OF 2006 AND 2005 AND RELATED EXPLANATORY NOTES

The Consolidated half-year report (hereafter also "**Report**") as at 30th June 2006 of Gruppo Sanpaolo IMI was prepared in conformity with art. 81 of Issuers Regulations pursuant to Consob Resolution no. 11971 of 14th May 1999 and subsequent amendments and integrations. Pursuant to this article the half-year report must be prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as endorsed by the European Commission at 30th June 2006 on the basis of the procedure set forth in EC Regulation no. 1606/2002. Such principles did not change with respect to those adopted for the Annual report as at 31st December 2005. In particular, the Report was prepared in compliance with the International Accounting Standard relative to interim financial reporting (IAS 34), opting for the summary presentation provided for by paragraph 10.

When preparing the financial statements, the bank applied the provisions contained in Circular no. 262 issued by the Bank of Italy on 22nd December 2005. For interpretative purposes and as a support in the application of the new accounting principles, additional documents not endorsed by the European Commission were also examined:

- *Framework for the Preparation and Presentation of Financial Statements of the International Accounting Standards Board* (issued in 2001 by IASB);
- *Implementation Guidance, Basis for Conclusions* and any other documents drawn up by the IASB or the IFRIC to provide further guidance on the accounting principles issued.

Lastly, still on the subject of interpretation, other documents taken into account included those dealing with the application of IAS/IFRS in Italy issued by the Italian Accounting Organism (O.I.C.) and the Italian Bankers' Association (ABI).

The preparation of financial statements requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and statement of income. Estimates are based on available information and subjective evaluations, also founded on past experience, which are used to formulate reasonable assumptions to be made in measuring operating phenomena. Given their nature, the estimates and assumptions used may vary from period to period, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future periods as a result of changes in the subjective evaluations made.

The main cases for which subjective evaluations are required to be made by management include:

- the measurement of impairment losses on loans and, generally, other financial assets;
- the determination of the fair value of financial instruments to be used in statement schedules;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the valuation of appropriateness of amounts stated for goodwill and other intangible assets;
- the measurement of personnel funds and provisions for risks and charges;
- estimates and assumptions on the collectability of deferred tax assets;
- demographic (linked to the estimated mortality of ensured people) and financial (deriving from the possible trend in financial markets) assumptions used to structure insurance products and define the basis for calculating integrative reserves.

Half-year results are shown, for comparative purposes, with the corresponding figures for the period of the previous year (first half of 2005).

On this point, it must be noted that the figures originally published in the Half-year report as at 30th June 2005 have been reclassified to take into account the new regulations of the IAS/IFRS (update of IAS 39 regarding the Fair Value Option) and the provisions regulating financial statements issued by the Bank of Italy after the publication of the Half-year report (Circular no. 262/2005).

The scope of full consolidation includes:

- banking, financial and instrumental subsidiaries that are part of Sanpaolo IMI Banking Group, recorded in the appropriate register provided for by art. 64 of TUB;
- the remaining subsidiaries that carry out activities other than those referred to above (essentially the insurance companies under Eurizon);
- the entities of companies in respect of which the Group is exposed to the majority of risks and obtains the majority of benefits.

The scope of full consolidation excludes some minor entities whose balance sheet and statement of income results are not significant to the consolidated financial statements.

“Joint control” equity investments and companies over which the Group has “significant influence” are accounted for using the equity method. A company is considered subject to joint control where agreements exist providing that any administrative, financial and management decisions require both the Group’s consent and that of the other participants sharing control over the company.

The Group’s scope of full consolidation as at 30th June 2006 did not change significantly compared to as at 31st December 2005, with the exception of the inclusion of Banca Italo Albanese SH.A. Furthermore, following the finalisation of the preliminary agreements, in June 2006, for the sale of 70% of the subsidiary Gest Line to Riscossione S.p.A., the tax collection activities carried out by said subsidiary were consolidated within disposal groups, according to the line-by-line method provided for by IFRS 5. The same approach was used in the 2005 financial statements for the consolidation of figures related to the Wargny companies when finalising their disposal.

Consequently, statement of income results for the first half of 2005 have also been redetermined as concerns the contribution of GEST Line and of Wargny companies on the basis of provisions of IFRS 5.

The financial statements used for full consolidation were those prepared as at 30th June 2006, as approved by the competent bodies of the subsidiaries concerned and adjusted – where necessary – for consistency with Group accounting policies. The valuation of investments using the equity method was made on the basis of the latest reports or financial statements available.

The Report is available both in Italian and in the English translation on Sanpaolo’s website (www.grupposanpaoloimi.com).

CONSOLIDATED STATEMENT OF INCOME

(in millions of euro)

		First half 2006	First half 2005(*)
10.	Interest income and similar revenues	4,650	3,899
20.	Interest expenses and similar charges	(2,216)	(1,750)
30.	**Net interest income**	**2,434**	**2,149**
40.	Commissions income	2,090	1,933
50.	Commissions expense	(447)	(406)
60.	**Net commissions**	**1,643**	**1,527**
70.	Dividends and similar revenues	241	306
80.	Profits (losses) on financial trading activities	13	(162)
90.	Fair value adjustments from hedge accounting	3	(6)
100.	Profits (losses) from disposal or repurchase of:	117	115
	a) loans	40	43
	b) available-for-sale financial assets	76	79
	c) financial assets held to maturity	-	-
	d) financial liabilities	1	(7)
110.	Profits (losses) on financial assets and liabilities designated as at fair value	(23)	278
120.	**Net interest and other banking income**	**4,428**	**4,207**
130.	Net adjustments to:	(204)	(208)
	a) loans	(191)	(205)
	b) available-for-sale financial assets	-	(3)
	c) financial assets held to maturity	-	-
	d) other financial transactions	(13)	-
140.	**Net result of financial activities**	**4,224**	**3,999**
150.	Net insurance premiums	1,513	2,248
160.	Balance of other income/charges arising on insurance management activities	(1,675)	(2,670)
170.	**Net result of financial and insurance activities**	**4,062**	**3,577**
180.	Administrative costs:	(2,131)	(2,027)
	a) personnel costs	(1,398)	(1,333)
	b) other administrative costs	(733)	(694)
190.	Net provisions for risks and charges	(65)	(50)
200.	Net adjustments/write-backs to tangible assets	(111)	(113)
210.	Net adjustments/write-backs to intangible assets	(71)	(88)
220.	Other operating income (expenses)	26	42
230.	**Operating costs**	**(2,352)**	**(2,236)**
240.	Profits (losses) on equity shareholdings	59	78
250.	Net fair value adjustment to tangible and intangible assets	-	**-**
260.	Impairment of goodwill	-	-
270.	Profits (losses) from disposals of investments	-	13
280.	**Operating profits (losses) before tax from continuing operations**	**1,769**	**1,432**
290.	Income taxes for the period	(639)	(507)
300.	Net profit (loss) after tax from continuing operations	1,130	925
310.	Profits (losses) from discontinued operations	44	(4)
320.	**Net profit**	**1,174**	**921**
330.	Profits (loss) for the period attributable to minority interests	(34)	(27)
340.	**Parent Bank net profit (loss)**	**1,140**	**894**
	Net profit per share (€)	0.61	0.48
	Diluted net profit per share (€)	0.61	0.48

(*) Figures restated on the basis of instructions issued by the Bank of Italy with Circular no. 262 of 22nd December 2005 and on the basis of the application of IFRS 5.

CONSOLIDATED BALANCE SHEET

(in millions of euro)

	ASSETS	30/06/2006	30/06/2005 (*)
10.	Cash and cash equivalents	962	1,016
20.	Financial assets held for trading	21,645	36,559
30.	Financial assets designated as at fair value	20,030	25,219
40.	Available-for-sale financial assets	31,358	29,412
50.	Financial assets held to maturity	2,433	1,660
60.	Loans to banks	31,094	26,165
70.	Loans to customers	147,330	132,443
80.	Hedging derivatives	522	855
90.	Fair value changes of generically hedged financial assets (+/-)	-	-
100.	Equity shareholdings	985	796
110.	Insurance reserves attributable to reinsurers	35	23
120.	Tangible assets	2,697	2,248
130.	Intangible assets	1,026	1,021
	of which:		
	- goodwill	*794*	*762*
140.	Tax assets	2,447	3,299
	a) current	*869*	*1,470*
	b) deferred	*1,578*	*1,829*
150.	Non-current assets and discontinued operations	798	-
160.	Other assets	6,881	6,910
	Total assets	**270,243**	**267,626**

(*) Figures restated to consider new IAS/IFRS provisions (update of IAS 39 concerning Fair value option) and instructions issued by the Bank of Italy with Circular no. 262 of 22nd December 2005.

(in millions of euro)

	LIABILITIES AND NET SHAREHOLDERS' EQUITY	30/06/2006	30/06/2005 (*)
10.	Due to banks	36,376	39,963
20.	Due to customers	98,009	89,907
30.	Securities issued	48,509	48,072
40.	Financial liabilities held for trading	9,608	14,214
50.	Financial liabilities designated as at fair value	25,386	25,096
60.	Hedging derivatives	354	874
70.	Fair value changes of generically hedged financial liabilities (+/-)	(98)	34
80.	Tax liabilities	950	1,261
	a) current	373	314
	b) deferred	577	947
90.	Liabilities on discontinued operations	585	-
100.	Other liabilities	11,835	11,378
110.	Employee termination indemnities	951	882
120.	Provisions for risks and charges:	1,624	1,745
	a) post retirement benefit obligations	250	218
	b) other provisions	1,374	1,527
130.	Technical reserves	22,000	21,709
140.	Valuation reserves	1,374	1,225
150.	Redeemable shares	-	-
160.	Equity securities	-	-
170.	Reserves	5,344	4,280
180.	Share premium	766	761
190.	Capital	5,400	5,236
200.	Own shares (-)	(75)	(101)
210.	Minority interests (+/-)	205	196
220.	Net profit	1,140	894
	Total liabilities and net shareholders' equity	**270,243**	**267,626**

(*) Figures restated to consider new IAS/IFRS provisions (update of IAS 39 concerning Fair value option) and instructions issued by the Bank of Italy with Circular no. 262 of 22nd December 2005.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE FIRST HALF OF 2006 AND 2005

(in millions of euro)

INDIRECT METHOD	Amount 30/06/2006	Amount 30/06/2005
A. OPERATIONS		
1. Management	**1,970**	**1,739**
- Net income (+/-)	1,140	894
- capital gains/losses on financial assets held for trading and on assets/liabilities designated as at fair value (-/+)	(749)	(353)
- capital gains/losses on hedging activities (-/+)	(3)	6
- net value adjustments/write-backs due to impairment (+/-)	1,470	(720)
- net value adjustments/write-backs on tangible and intangible assets (+/-)	182	201
- net provisions for risks and charges and other costs/revenues (+/-)	(542)	(54)
- net premiums to be collected (-)	(6)	(10)
- other unrealized insurance income/charges (-/+)	293	1,754
- unpaid duties and taxes (+)	229	17
- net adjustments/write-backs on discontinued operations, net of taxes (-/+)	(44)	4
- other adjustments (+/-)	-	-
2. Liquid assets generated/absorbed by financial assets	**(6,956)**	**(19,643)**
- financial assets held for trading	3,401	(8,226)
- financial assets designated as at fair value	1,970	(1,198)
- available-for-sale financial assets	(1,512)	(2,251)
- due from banks: repayable on demand	(1,272)	2,622
- due from banks: other loans	(986)	(3,879)
- loans to customers	(8,459)	(6,678)
- other asset captions	(98)	(33)
3. Liquid assets generated/absorbed by financial liabilities	**6,464**	**18,232**
- due to banks: repayable on demand	531	(1,025)
- due to banks: other amounts due	163	12,695
- due to customers	5,703	3,701
- securities issued	1,524	(1,565)
- financial dealing liabilities	(1,734)	415
- financial liabilities designated as at fair value	(10)	2,410
- other liabilities	287	1,601
Net liquid assets generated/absorbed by operations	**1,478**	**328**
B. INVESTMENTS		
1. Liquid assets generated by	**128**	**178**
- sale of equity shareholdings	25	15
- dividends received from equity shareholdings	-	-
- sale/reimbursement of financial assets held to maturity	102	158
- sale of tangible assets	1	5
- sale of intangible assets	-	-
- sale of subsidiaries and business divisions	-	-
2. Liquid assets absorbed by	**(1,015)**	**(185)**
- purchase of equity shareholdings	(111)	(80)
- purchase of financial assets held to maturity	-	-
- purchase of tangible assets	(702)	(46)
- purchase of intangible assets	(89)	(55)
- purchase of subsidiaries and business divisions	(113)	(4)
Net liquid assets generated/absorbed by investments	**(887)**	**(7)**
C. FUNDING ACTIVITIES		
- issue/purchase of own shares	17	9
- issue/purchase of capital instruments	-	-
- dividend distribution and other uses	(753)	(678)
Net liquid assets generated/absorbed by funding activities	**(736)**	**(669)**
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE PERIOD	**(145)**	**(348)**

Reconciliation

(in millions of euro)

Captions	Amount 30/06/2006	Amount 30/06/2005
Cash and cash equivalents at the beginning of the period	1,107	1,364
Total liquid assets generated/absorbed during the year	(145)	(348)
Cash and cash equivalents: effect of movements in exchange rates	-	-
Cash and cash equivalents at the beginning of the period	**962**	**1,016**

4.3 REVIEW BY THE INDEPENDENT AUDITORS

On 29th April 2004, the Ordinary Shareholders' Meeting of Sanpaolo resolved to confer to PricewaterhouseCoopers S.p.A., pursuant to art. 159 of TUF, the assignment (i) for the audit of the Parent Company's and consolidated financial statements of Sanpaolo for the financial years as at 31st December 2004, 2005 and 2006, pursuant to art.156 of TUF (ii) for the limited review of the Consolidated half-year reports as at 30th June 2004, 2005 and 2006, as recommended by Consob in Communication no. 97001574 of 20th February 1997 as well as (iii) for the verification of the regular keeping of the company's accounts and the correct registration of operations in the books, as provided for by art.155 of TUF.

The Consolidated financial statements for the year ended as at 31st December 2005, prepared in accordance with IFRS adopted by the European Union, were subject to full mandatory audit by PricewaterhouseCoopers S.p.A., which issued its report without qualifications on 11th April 2006. Comparative figures relating to 2004 have been examined by PricewaterhouseCoopers S.p.A. for the purpose of their overall opinion on the Consolidated financial statements as at 31st December 2005.

The Report was prepared in compliance with the International Accounting Standard relating to interim financial reporting (IAS 34) and subject to limited review by PricewaterhouseCoopers S.p.A. which issued its report without qualifications on 25th September 2006. The results of the first half of 2005, used for comparative purposes have been recalculated with respect to the figures contained in the Consolidated half-year report as at 30th June 2005 approved on 28th September 2005 and subject to limited review by PricewaterhouseCoopers S.p.A., which issued its report without qualifications on 25th October 2005. Such recalculation was necessary to consider the new regulatory provisions in IFRS (update of IAS 39 concerning Fair Value Option) and the provisions regarding bank financial statements issued by the Bank of Italy after the publication of the aforementioned Consolidated half-year report 2005 (Circular no. 262/2005). Such modifications had no impact on consolidated shareholders' equity and consolidated net income for the period.

5. PRO-FORMA STATEMENT OF INCOME AND BALANCE SHEET FIGURES OF THE SURVIVING COMPANY

5.1 PRESENTATION OF PRO-FORMA FIGURES

The present chapter contains pro-forma consolidated figures as at 30th June 2006 and as at 31st December 2005 representing appropriately the significant effects of the merger and the disposal to Crédit Agricole S.A., described above.

Pro-forma consolidated figures refer to the statements provided for by the Circular of the Bank of Italy no. 262 of 22nd December 2005 and are prepared in accordance with IAS/IFRS adopted by the European Union. Pro-forma figures have been obtained by applying to historical figures pro-forma adjustments to reflect retroactively the significant effects of the transactions described above: in particular, such effects, on the basis of provisions contained in Consob communication no. DEM/1052803 of 5th July 2001, have been recorded in the pro-forma consolidated balance sheet as if such transactions had occurred at the end of the reference period and in the pro-forma consolidated statement of income as if they had occurred at the beginning of the period. Pro-forma adjustments have been indicated separately in the tables hereafter and are described analytically in the present chapter.

To aggregate figures, obtained by combining the consolidated figures published by the two entities in the respective Half-year reports and Annual reports 2005, appropriate pro-forma adjustments have been applied to show the effects of the merger, provisionally measuring (the final cost of the transaction, and consequently of the shareholders' equity of the Surviving company will be determined with reference to the stock price on the day in which the merger comes into legal effects, or to the last share price available) the value of the new shares to be issued to support the exchange on the basis of the price of Banca Intesa ordinary shares as at 30th September 2006 and preliminarily recording in the caption "Difference arising from the merger" the difference between such value of the shares and Gruppo Sanpaolo IMI's consolidated shareholders' equity as at 30th June 2006.

Intergroup transactions have been eliminated and pro-forma adjustments have been recorded to take into account the balance sheet and income statement effect[2] which will arise following the implementation of the Agreement signed on 11th October 2006 by Intesa and Crédit Agricole S.A. that – as described in another part of the Document – provides for the disposal to Crédit Agricole S.A. of:

– the entire equity stake held by Intesa in Cassa di Risparmio di Parma e Piacenza (representing 100% of the share capital) for a consideration of 3.8 billion euro;
– the entire equity stake held by Intesa in Banca Popolare FriulAdria (representing 76.05% of the share capital) for a consideration of 836.5 million euro; and
– 193 Gruppo Intesa branches for a consideration of 1.3 billion euro.

In application of the preparation criteria of the pro-forma consolidated figures aimed at representing development of current operations, which require the exclusion of any non-recurring components, the pro-forma consolidated statement of income for the period ending as at 30th June 2006 and as at 31st December 2005 do not take into account the capital gains on the disposal of such assets to Crédit Agricole S.A. The relevant amount, net of the fiscal effect, has been recorded in the pro-forma consolidated balance sheet as at 30th June 2006 in the caption under shareholders' equity "Effect of disposal transaction".

Furthermore, the Agreement signed with Crédit Agricole S.A. provides for the possibility for Intesa – through the exercise of call/put options – of acquiring 65% of the asset management activities formerly referred to as Nextra and sold to Crédit Agricole S.A. at the end of 2005. If the project of setting up a pan-European joint-venture in the asset management activities is not deemed feasible by one of the parties, such options may be exercised during 2007. In consideration of the current uncertainty on the exercise of the aforementioned options, the possible effects of the transaction described above are not

[2] With reference to the balance sheet and statement of income figures of the 193 branches to be disposed, management accounts have been used.

taken into account in the preparation of the pro-forma consolidated statement of income and balance sheet figures.

Similarly, in the preparation of the pro-forma consolidated figures the effects of the listing of Eurizon, forecasted in 2007, have not been considered since they are closely related to the outcome of the aforementioned project.

Therefore, pro-forma consolidated figures include:
- Gruppo Intesa consolidated figures;
- Gruppo Sanpaolo IMI consolidated figures;
- figures related to the assets to be disposed to Crédit Agricole S.A.;
- intergroup eliminations;
- the effects of Intesa's capital increase, for the effect of the merger;
- the effects of the consolidation of Gruppo Sanpaolo IMI.

As concerns accounting principles adopted by Gruppo Intesa and Gruppo Sanpaolo IMI for the preparation of their respective consolidated financial statements please refer to the Notes to the Half-year reports as at 30th June 2006 and to the Annual Reports 2005, prepared in accordance with IAS/IFRS adopted by the European Union.

For an accurate interpretation of the information provided by pro-forma figures, it is necessary to note the following aspects:
- since these are representations built on the assumption that the merger and disposal transactions were closed on the dates taken as reference for the preparation of the pro-forma consolidated figures, instead of the date on which the merger comes into legal effects, historical figures would not have necessarily been equal to pro-forma figures;
- pro-forma figures do not reflect prospective figures since they are prepared to represent solely the effects of merger and disposal transactions which may be determined and objectively measured, without considering the potential effects due to variations in management policies and to operating decisions following the transactions.

Moreover, in consideration of the different purpose of pro-forma figures with respect to the figures of historical financial statements and the different calculation methods of the effects of acquisitions and disposals with reference to the balance sheet and the statement of income, pro-forma consolidated financial statements must be read and interpreted separately, without searching for accounting connections between the two documents.

As described above, the difference between the cost of the transaction and Gruppo Sanpaolo IMI's consolidated shareholders' equity was preliminarily recorded in the caption "Difference arising from the merger". Such difference in the pro-forma consolidated statements of income is not subject to amortisation. It must be noted that the merger will be accounted for using the "purchase method", which entails on the date on which the merger becomes legally effective, the identification of the fair value of net assets and the allocation of the cost of transaction, attributing any excess with respect to such value to goodwill. Consequently, if in the allocation process property, equipment and intangible assets with finite useful life are identified, the future statements of income will include adjustments to such allocations.

5.1.1 Pro-forma balance sheet as at 30th June 2006 and as at 31st December 2005 and pro-forma statement of income for the first half of 2006 and for 2005

Pro-forma consolidated balance sheet as at 30th June 2006

(in millions of euro)

Assets	Gruppo Intesa	Gruppo Sanpaolo IMI	Assets to be disposed to Crédit Agricole	Eliminations	Merger adjustments	Consolidated figures New Group (pro forma)
10. Cash and cash equivalents	1,619	962	-100	-	-	2,481
20. Financial assets held for trading	51,160	21,645	-352	-2,916	-	69,537
30. Financial assets designated at fair value through profit and loss	-	20,030	-	-	-	20,030
40. Financial assets available for sale	4,828	31,358	-56	-	-	36,130
50. Investments held to maturity	2,479	2,433	-	-	-	4,912
60. Due from banks	29,338	31,094	6,715	-934	-	66,213
70. Loans to customers	176,023	147,330	-21,504	-	-	301,849
80. Hedging derivatives	999	522	-133	-38	-	1,350
90. Fair value change of financial assets in hedged portfolios (+/-)	-2	-	-	-	-	-2
100. Investments in associates and companies subject to joint control	2,144	985	-141	-	-	2,988
110. Technical insurance reserves reassured with third parties	-	35	-	-	-	35
120. Property and equipment	2,889	2,697	-287	-	-	5,299
130. Intangible assets	1,322	1,026	-14	-	-	2,334
of which						
- goodwill	*871*	*794*	*-2*	-	-	*1,663*
140. Tax assets	2,817	2,447	-136	-	-	5,128
a) current	*1,535*	*869*	*-46*	-	-	*2,358*
b) deferred	*1,282*	*1,578*	*-90*	-	-	*2,770*
150. Non-current assets held for sale and discontinued operations	1,079	798	-	-	-	1,877
160. Other assets	3,502	6,881	-345	-	-	10,038
Difference arising from the merger (provisional)					16,332	16,332
Total Assets	**280,197**	**270,243**	**-16,353**	**-3,888**	**16,332**	**546,531**

Pro-forma consolidated balance sheet as at 30th June 2006

(in millions of euro)

	Liabilities and Shareholders' Equity	Gruppo Intesa	Gruppo Sanpaolo IMI	Liabilities to be disposed to Crédit Agricole	Eliminations	Merger adjustments	Consolidated figures New Group (pro forma)
10.	Due to banks	36,598	36,376	642	-934	-	72,682
20.	Due to customers	118,650	98,009	-15,346	-	-	201,313
30.	Securities issued	75,111	48,509	-4,175	-61	-	119,384
40.	Financial liabilities held for trading	16,750	9,608	14	-2,827	-	23,545
50.	Financial liabilities designated at fair value through profit and loss	-	25,386	-	-	-	25,386
60.	Hedging derivatives	1,835	354	-34	-29	-	2,126
70.	Fair value change of financial liabilities in hedged portfolios (+/-)	-	-98	-	-	-	-98
80.	Tax liabilities	1,658	950	63	-	-	2,671
	a) current	*1,183*	*373*	*106*	-	-	*1,662*
	b) deferred	*475*	*577*	*-43*	-	-	*1,009*
90.	Liabilities associated with non-current assets held for sale and discontinued operations	1,010	585	-	-	-	1,595
100.	Other liabilities	8,152	11,835	-906	-	-	19,081
110.	Employee termination indemnities	1,135	951	-184	-	-	1,902
120.	Allowances for risks and charges	1,721	1,624	-273	-	-	3,072
	a) post employment benefits	*316*	*250*	*-120*	-	-	*446*
	b) other allowances	*1,405*	*1,374*	*-153*	-	-	*2,626*
130.	Technical reserves	-	22,000	-	-	-	22,000
140.	Valuation reserves	968	1,374	-14	-	-1,374	954
150.	Reimbursable shares	-	-	-	-	-	-
160.	Equity instruments	-	-	-	-	-	-
170.	Reserves	5,223	5,344	205	-	-5,344	5,428
180.	Share premium reserve	5,559	766	-	-	25,338	31,663
190.	Share capital	3,613	5,400	-	-	-2,363	6,650
200.	Treasury shares (-)	-7	-75	-	-37	75	-44
210.	Minority interests (+/-)	745	205	-114	-	-	836
	Effect of disposal transaction			3,960			3,960
220.	Net income (loss)	1,476	1,140	-191	-	-	2,425
	Total Liabilities and Shareholders' Equity	**280,197**	**270,243**	**-16,353**	**-3,888**	**16,332**	**546,531**

Pro-forma consolidated statement of income for the first half of 2006

(in millions of euro)

	Gruppo Intesa	Gruppo Sanpaolo IMI	Statement of income effects of the disposal to Crédit Agricole	Eliminations	Merger adjustments	Consolidated figures New Group (pro forma)
10. Interest and similar income	5,359	4,650	-555	-14	-	9,440
20. Interest and similar expense	-2,719	-2,216	140	14	-	-4,781
30. Interest margin	**2,640**	**2,434**	**-415**	**-**	**-**	**4,659**
40. Fee and commission income	2,058	2,090	-304	-1	-	3,843
50. Fee and commission expense	-213	-447	13	1	-	-646
60. Net fee and commission income	**1,845**	**1,643**	**-291**	**-**	**-**	**3,197**
70. Dividend and similar income	379	241	-2	-	-	618
80. Profits (Losses) on trading	188	13	-17	-	-	184
90. Fair value adjustments in hedge accounting	13	3	-5	-	-	11
100. Profits (Losses) on disposal or repurchase of	43	117	-3	-	-	157
a) loans	*-12*	*40*	*-*	-	-	*28*
b) financial assets available for sale	*44*	*76*	*-1*	-	-	*119*
c) investments held to maturity	*-*	*-*	*-*	-	-	*-*
d) financial liabilities	*11*	*1*	*-2*	-	-	*10*
110. Profits (Losses) on financial assets and liabilities designated at fair value	-	-23	-	-	-	-23
120. Net interest and other banking income	**5,108**	**4,428**	**-733**	**-**	**-**	**8,803**
130. Net losses / recoveries on impairment	-283	-204	39	-	-	-448
a) loans	*-318*	*-191*	*37*	-	-	*-472*
b) financial assets available for sale	*-4*	*-*	*2*	-	-	*-2*
c) investments held to maturity	*4*	*-*	*-*	-	-	*4*
d) other financial activities	*35*	*-13*	*-*	-	-	*22*
140. Net income from banking activities	**4,825**	**4,224**	**-694**	**-**	**-**	**8,355**
150. Net insurance premiums	-	1,513	-	-	-	1,513
160. Other net insurance income (expense)	-	-1,675	-	-	-	-1,675
170. Net income from banking and insurance activities	**4,825**	**4,062**	**-694**	**-**	**-**	**8,193**
180. Administrative expenses	-2,597	-2,131	350	-	-	-4,378
a) personnel expenses	*-1,577*	*-1,398*	*229*	-	-	*-2,746*
b) other administrative expenses	*-1,020*	*-733*	*121*	-	-	*-1,632*
190. Net provisions for risks and charges	-66	-65	7	-	-	-124
200. Net adjustments to / recoveries on property and equipment	-132	-111	16	-	-	-227
210. Net adjustments to / recoveries on intangible assets	-110	-71	3	-	-	-178
220. Other operating expenses (income)	192	26	-8	-	-	210
230. Operating expenses	**-2,713**	**-2,352**	**368**	**-**	**-**	**-4,697**
240. Profits (Losses) on investments in associates and companies subject to joint control	82	59	-3	-	-	138
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-	-	-
260. Goodwill impairment	-	-	-	-	-	-
270. Profits (Losses) on disposal of investments	47	-	-1	-	-	46
280. Income (Loss) before tax from continuing operations	**2,241**	**1,769**	**-330**	**-**	**-**	**3,680**
290. Taxes on income from continuing operations	-750	-639	132	-	-	-1,257
300. Income (Loss) after tax from continuing operations	**1,491**	**1,130**	**-198**	**-**	**-**	**2,423**
310. Income (Loss) after tax from discontinued operations	43	44	-	-	-	87
320. Net income (loss)	**1,534**	**1,174**	**-198**	**-**	**-**	**2,510**
330. Minority interests	-58	-34	7	-	-	-85
340. Parent Company's net income (loss)	**1,476**	**1,140**	**-191**	**-**	**-**	**2,425**

Pro-forma consolidated balance sheet as at 31st December 2005

(in millions of euro)

Assets	Gruppo Intesa	Gruppo Sanpaolo IMI	Assets to be disposed to Crédit Agricole	Eliminations	Merger adjustments	Consolidated figures New Group (pro forma)
10. Cash and cash equivalents	1,797	1,107	-118	-	-	2,786
20. Financial assets held for trading	51,067	25,037	-508	-3,317	-	72,279
30. Financial assets designated at fair value through profit and loss	-	22,528	-	-	-	22,528
40. Financial assets available for sale	4,379	29,837	-47	-	-	34,169
50. Investments held to maturity	2,810	2,535	-	-	-	5,345
60. Due from banks	27,111	28,836	6,606	-654	466	62,365
70. Loans to customers	169,478	139,507	-20,032	-27	-	288,926
80. Hedging derivatives	1,278	435	-89	-71	-	1,553
90. Fair value change of financial assets in hedged portfolios (+/-)	-	-	-	-	-	-
100. Investments in associates and companies subject to joint control	2,091	819	-136	-	-	2,774
110. Technical insurance reserves reassured with third parties	-	29	-	-	-	29
120. Property and equipment	2,924	2,177	-289	-	-	4,812
130. Intangible assets	1,356	1,008	-15	-	-	2,349
of which						
- goodwill	*869*	*756*	*2*	-	-	*1,627*
140. Tax assets	3,096	2,728	-205	-	-	5,619
a) current	*1,670*	*988*	*-114*	-	-	*2,544*
b) deferred	*1,426*	*1,740*	*-91*	-	-	*3,075*
150. Non-current assets held for sale and discontinued operations	2,869	220	-	-	-	3,089
160. Other assets	3,279	6,455	-310	-	-	9,424
Difference arising from the merger (provisional)					16,332	16,332
Total Assets	**273,535**	**263,258**	**-15,143**	**-4,069**	**16,798**	**534,379**

Pro-forma consolidated balance sheet as at 31st December 2005

(in millions of euro)

	Liabilities and Shareholders' Equity	Gruppo Intesa	Gruppo Sanpaolo IMI	Liabilities to be disposed to Crédit Agricole	Eliminations	Merger adjustments	Consolidated figures New Group (pro forma)
10.	Due to banks	31,771	35,682	840	-680	-	67,613
20.	Due to customers	115,270	92,306	-14,935	-1	-	192,640
30.	Securities issued	72,320	46,985	-3,710	-18	-	115,577
40.	Financial liabilities held for trading	21,249	11,342	-164	-3,300	-	29,127
50.	Financial liabilities designated at fair value through profit and loss	-	25,939	-	-	-	25,939
60.	Hedging derivatives	1,410	730	-2	-60	-	2,078
70.	Fair value change of financial liabilities in hedged portfolios (+/-)	-	-35	-	-	-	-35
80.	Tax liabilities	1,091	860	-9	-	-	1,942
	a) current	*643*	*216*	*51*	-	-	*910*
	b) deferred	*448*	*644*	*-60*	-	-	*1,032*
90.	Liabilities associated with non-current assets held for sale and discontinued operations	2,963	164	-	-	-	3,127
100.	Other liabilities	7,121	10,573	-552	-	-	17,142
110.	Employee termination indemnities	1,102	1,001	-182	-	-	1,921
120.	Allowances for risks and charges	1,732	1,882	-273	-	-	3,341
	a) post employment benefits	*320*	*425*	*-119*	-	-	*626*
	b) other allowances	*1,412*	*1,457*	*-154*	-	-	*2,715*
130.	Technical reserves	-	22,113	-	-	-	22,113
140.	Valuation reserves	829	1,286	-13	-	-1,286	816
150.	Reimbursable shares	-	-	-	-	-	-
160.	Equity instruments	-	-	-	-	-	-
170.	Reserves	3,745	4,298	271	-	-4,298	4,016
180.	Share premium reserve	5,510	769	-	-	24,492	30,771
190.	Share capital	3,596	5,239	-	-	-2,202	6,633
200.	Treasury shares (-)	-	-92	-	-10	92	-10
210.	Minority interests (+/-)	801	233	-117	-	-	917
	Effect of disposal transaction			3,960			3,960
220.	Net income (loss)	3,025	1,983	-257	-	-	4,751
	Total Liabilities and Shareholders' Equity	**273,535**	**263,258**	**-15,143**	**-4,069**	**16,798**	**534,379**

Pro-forma consolidated statement of income for 2005

(in millions of euro)

	Gruppo Intesa	Gruppo Sanpaolo IMI	Statement of income effects of the disposal to Crédit Agricole	Eliminations	Merger adjustments	Consolidated figures New Group (pro forma)
10. Interest and similar income	9,787	8,235	-975	-15	-	17,032
20. Interest and similar expense	-4,675	-3,786	247	15	-	-8,199
30. Interest margin	**5,112**	**4,449**	**-728**	**-**	**-**	**8,833**
40. Fee and commission income	4,473	4,166	-505	-	-	8,134
50. Fee and commission expense	-569	-758	-41	-	-	-1,368
60. Net fee and commission income	**3,904**	**3,408**	**-546**	**-**	**-**	**6,766**
70. Dividend and similar income	701	475	-2	-	-	1,174
80. Profits (Losses) on trading	13	104	-30	-	-	87
90. Fair value adjustments in hedge accounting	32	-4	-12	-	-	16
100. Profits (Losses) on disposal or repurchase of	-	394	-34	-	-	360
a) loans	*-23*	*57*	*-*	-	-	*34*
b) financial assets available for sale	*23*	*347*	*-32*	-	-	*338*
c) investments held to maturity	*1*	*-*	*-*	-	-	*1*
d) financial liabilities	*-1*	*-10*	*-2*	-	-	*-13*
110. Profits (Losses) on financial assets and liabilities designated at fair value	-	219	-	-	-	219
120. Net interest and other banking income	**9,762**	**9,045**	**-1,352**	**-**	**-**	**17,455**
130. Net losses / recoveries on impairment	-526	-442	80	-	-	-888
a) loans	*-545*	*-437*	*83*	-	-	*-899*
b) financial assets available for sale	*-22*	*-1*	*-*	-	-	*-23*
c) investments held to maturity	*4*	*-*	*-*	-	-	*4*
d) other financial activities	*37*	*-4*	*-3*	-	-	*30*
140. Net income from banking activities	**9,236**	**8,603**	**-1,272**	**-**	**-**	**16,567**
150. Net insurance premiums	-	3,599	-	-	-	3,599
160. Other net insurance income (expense)	-	-4,496	-	-	-	-4,496
170. Net income from banking and insurance activities	**9,236**	**7,706**	**-1,272**	**-**	**-**	**15,670**
180. Administrative expenses	-5,409	-4,353	688	-	-	-9,074
a) personnel expenses	-3,255	-2,839	456	-	-	-5,638
b) other administrative expenses	*-2,154*	*-1,514*	*232*	-	-	*-3,436*
190. Net provisions for risks and charges	*-426*	*-53*	*124*	-	-	*-355*
200. Net adjustments to / recoveries on property and equipment	-272	-239	31	-	-	-480
210. Net adjustments to / recoveries on intangible assets	-251	-198	6	-	-	-443
220. Other operating expenses (income)	327	74	-13	-	-	388
230. Operating expenses	**-6,031**	**-4,769**	**836**	**-**	**-**	**-9,964**
240. Profits (Losses) on investments in associates and companies subject to joint control	226	70	-7	-	-	289
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-	-	-
260. Goodwill impairment	-6	-1	-	-	-	-7
270. Profits (Losses) on disposal of investments	757	17	-11	-	-	763
280. Income (Loss) before tax from continuing operations	**4,182**	**3,023**	**-454**	**-**	**-**	**6,751**
290. Taxes on income from continuing operations	-1,082	-948	187	-	-	-1,843
300. Income (Loss) after tax from continuing operations	**3,100**	**2,075**	**-267**	**-**	**-**	**4,908**
310. Income (Loss) after tax from discontinued operations	32	-35	-3	-	-	-6
320. Net income (loss)	**3,132**	**2,040**	**-270**	**-**	**-**	**4,902**
330. Minority interests	-107	-57	13	-	-	-151
340. Parent Company's net income (loss)	**3,025**	**1,983**	**-257**	**-**	**-**	**4,751**

5.1.2 Methodological notes concerning the preparation of pro-forma figures

Purpose of the presentation of pro-forma figures

As already mentioned, the purpose of the presentation of pro-forma consolidated figures is that of representing – according to presentation criteria consistent with those used for the preparation of financial statements – the backdated statement of income and balance sheet effects of the merger between Gruppo Intesa and Gruppo Sanpaolo IMI, as well as the connected sale of certain assets of Gruppo Intesa to Crédit Agricole S.A.

Assumptions used in the preparation of pro-forma figures

The main assumptions underlying the preparation of pro-forma consolidated figures are described below.

- The financial statements above have been obtained by combining the figures in the Consolidated half-year reports as at 30th June 2006 and the Annual reports as at 31st December 2005 of Gruppo Intesa and Gruppo Sanpaolo IMI prepared in accordance with IAS/IFRS adopted by the European Union and with the statements provided for by the Circular of the Bank of Italy no. 262 of 22nd December 2005. The Annual reports 2005 and the Half-year reports as at 30th June 2006 have been audited (limited review in the case of half-year figures) by Reconta Ernst & Young and PricewaterhouseCoopers respectively.
- Both Groups apply IAS/IFRS as of 2005. However, certain differences may exist due to the possibility of opting for different alternatives provided for by the aforementioned principles or deriving from the use of different methodologies or parameters in the measurement of assets and liabilities. Such differences, deemed to be immaterial, have not been considered for the purposes of preparation of the pro-forma financial statements.
- Aggregate figures of the two Groups have been adjusted to consider the assets and liabilities, as well as the corresponding economic results, of the equity investments in Cassa di Risparmio di Parma e Piacenza, in Banca Popolare FriulAdria and to the branches to be disposed to Crédit Agricole S.A. The consideration for the sale (5,966 million euro as indicated in the Agreement with Crédit Agricole S.A.) was recorded in the caption "due from banks". Such consideration may be subject to variations in relation to the changes in the balance sheet figures recorded at the time of execution of the sale according to the terms provided for in the contract. The capital gain net of the fiscal effect, determined considering the application of art. 87 TUIR concerning partly exempt capital gains, (3,960 million euro) was recorded in a specific caption under shareholders' equity "Effect of disposal transaction" and was not recorded in the pro-forma consolidated statement of income as at 30th June 2006, since it is a non-recurring event.
- Merger adjustments, illustrated hereafter, have been reported adopting the general rule which entails that transactions referred to the balance sheet are considered to have occurred at the end of the reference period, while for the statement of income transactions are assumed to have occurred at the beginning of the period.
- The cost of the business combination, represented by the fair value of the new shares to be issued to effect the merger, must be considered provisional, since the necessary elements for its definitive quantification are not yet known. In particular, as already indicated, the fair value of the new shares of the Surviving company will be represented by the stock price on the market on the day in which the merger comes into legal effects, that is the last share price available. Furthermore, the costs of the merger (professional fees, costs for reports and expert opinions, etc.), also currently undeterminable, must be added to the value determined as described above.

  Accessory costs to be deducted from the share premium relative to the share capital increase to effect the merger were not taken into account, since not estimable subjectively and deemed to be immaterial in consideration of the overall increase in share capital and the relative share premium.
- The difference between fair value as at 30th September 2006 (5.18 euro per share) of Intesa shares to be issued to support the exchange and Gruppo Sanpaolo IMI's consolidated shareholders' equity was preliminarily recorded in the specific caption "Difference arising from the merger", without making any allocation since, as already described, the merger will be recorded using the "purchase method", which entails, at the date in which the merger comes into legal effects, the identification of the fair value of net assets and the allocation of the cost of the transaction attributing any excess with respect

to such values to goodwill.

It must be noted that for every 10 cents of potential difference between the value of 5.18 euro per share indicated above and the effective price on the day on which the merger comes into legal effects, the cost of the transaction and consequently the "Difference arising from the merger" will vary by 584 million euro.

- The aforementioned difference was determined on the basis of the number of Sanpaolo shares outstanding as at 30th June 2006, without considering the shares issued thereof, or which may be issued within the date in which the merger comes into legal effects, following the exercise of the options provided for by the stock option plan resolved upon by Sanpaolo in December 2002.

Eliminations

- The most significant reciprocal balance sheet and statement of income items between Gruppo Intesa and Gruppo Sanpaolo IMI have been eliminated – relating to due to and from banks, as well as interest and commissions – according to the criteria normally used in consolidation procedures.
- The bonds issued by Gruppo Intesa companies present in the securities portfolios of Gruppo Sanpaolo IMI companies and bonds issued by the latter and present in the securities portfolio of Gruppo Intesa companies were deducted for 61 million euro (18 million euro as at 31st December 2005) from assets in the caption "Financial assets held for trading" and from liabilities in the caption "Securities issued".
- Trading and hedging derivative contracts stipulated by the two groups have been eliminated from assets from the captions "Financial assets held for trading" for 2,818 million euro (3,289 million euro as at 31st December 2005) and "Hedging derivatives" for 38 million euro (71 million euro as at 31st December 2005) and from liabilities from the captions "Financial liabilities held for trading" for 2,827 million euro (3,300 million euro as at 31st December 2005) and "Hedging derivatives" for 29 million euro (60 million euro as at 31st December 2005).
- Sanpaolo shares in the portfolio of Gruppo Intesa companies and included in "Financial assets held for trading" have been eliminated and offset by shareholders' equity, in the specific caption "Treasury shares", for 35 million euro (10 million euro as at 31st December 2005).
- Intesa shares held by Gruppo Sanpaolo IMI companies and included in "Financial assets held for trading" have been deducted from shareholders' equity, in the specific caption "Treasury shares", for 2 million euro (no amount as at 31st December 2005).

Merger adjustments

- The provisional cost of the business combination, represented by the fair value of the new Intesa shares issued (equal to 30,281 million euro) was compared with Gruppo Sanpaolo IMI's consolidated shareholders' equity as at 30th June 2006 (equal to 13,949 million euro) and, as described above, the difference of 16,332 million euro, was preliminarily recorded in the specific caption "Difference arising from the merger", before a precise allocation in the relevant balance sheet captions at the date in which the merger comes into legal effects. With reference to pro-forma figures as at 31st December 2005, the difference between shareholders' equity of Gruppo Sanpaolo IMI between as at 30th June 2006 and as at 31st December 2005 was recorded in the caption "Due from banks". In this way the "Difference arising from the merger" has the same value in the two periods.
- The consolidation area has not been changed to consider any equity stakes held by groups in the same entities, if combined percentage holdings may create the preconditions for full consolidation or recording at equity.

5.2 PRO-FORMA VALUES PER SHARE

The table below presents pro-forma consolidated values per share compared to the corresponding values contained in Banca Intesa's consolidated half-year report as at 30th June 2006 and Annual report as at 31st December 2005.

(euro)

Consolidated pro forma indicators per share	30th June 2006 official figures	30th June 2006 pro forma figures	31st December 2005 official figures	31st December 2005 pro forma figures
Number of shares (ordinary and saving)	6,948,079,223 (1)	12,788,256,710 (2)	6,915,864,848 (1)	12,788,256,710 (2)
Income (Loss) after tax from continuing operations	0.21	0.19	0.45	0.38
Parent Company's net income (loss)	0.21	0.19	0.44	0.37
Group shareholders' equity	2.42	3.99	2.42	3.67
Dividend				
. Ordinary shares	0.110 (3)	-	0.220	-
. Saving shares	0.116 (3)	-	0.231	-
Cash flow (4)	0.26	0.23	0.53	0.46

(1) Outstanding shares at the reference date.

(2) The number does not include Sanpaolo IMI shares issued after 30th June 2006, or that may be issued by the date on which the merger becomes legally effective, pursuant to the exercise of the faculty set out in the Sanpaolo IMI Stock option plan.

(3) Dividend conventionally considered equal to half of that resolved upon for the whole of 2005.

(4) Net income, including minority interests, plus adjustments.

5.3 INDEPENDENT AUDITORS' REPORTS ON PRO-FORMA STATEMENT OF INCOME AND BALANCE SHEET FIGURES

The reports of the Independent Auditors Reconta Ernst & Young concerning the examination of the preparation of pro-forma consolidated statements with the attestation of the reasonability of basic assumptions used for their preparation are attached to this Informational Document.

6. PROSPECTS OF THE SURVIVING COMPANY AND ITS GROUP

6.1 GENERAL INDICATIONS ON THE OPERATIONAL DEVELOPMENT OF GRUPPO INTESA FROM THE CLOSE OF THE YEAR 2005

The consolidated statement of income in the first nine months of 2006 closed with a net income of 2,173 million euro, 17.8% higher than the figure for the same period of 2005. This result is mainly ascribable to the increase of net interest and other banking income (+8.8%), whereas operating costs recorded a contained rise (+1.4%), which is attributable to the numerous development projects under way in both the domestic network and that in Central-Eastern Europe.

The growth in the net interest and other banking income was mostly attributable to a rise to interest margin that increased to 4,014 million euro, with a 7.7% rise with respect to the corresponding period of the previous year and, to a lower extent, the positive trend of net fee and commission income (+1.3%) that rose to 2,708 million euro.

Net profits on trading totalled 399 million euro and posted a strong progress with respect to the 19 million euro recorded in the first nine months of 2005.

The rise in operating charges, which included both personnel expenses (+4.8% to 2,359 million euro) and administrative expenses (+4.2% to 1,522 million euro), in addition to adjustments to tangible and intangible assets (+9.7% approximately to 372 million euro), was directly connected especially to the aforementioned ongoing development projects.

Statement of income trends described above led to income before tax from continuing operations of 3,263 million euro, 14.3% higher than the 2,854 million euro of the same period in 2005. This result was achieved after the registration – for the most significant captions – of net adjustments to loans of 441 million euro and profits on equity investments and sale of investments for a total of 161 million euro. Provisions for taxes in the period, both current and deferred, totalled 1,069 million euro. After the registration of minority interests, net income for the period totalled 2,173 million euro, with a growth rate exceeding 18% with respect to 1,845 million euro from September 2005.

As concerns balance sheet figures, total loans to customers – including disbursements via the subscription of debt securities issued by customers – registered with respect to the figure at the end of 2005, a 5.8% growth rate reaching 179,254 million euro. In this aggregate, non-performing loans amounted to 5,231 million euro with respect to the 5,170 million euro in December 2005, with an incidence on total loans to customers again under 3%. In particular, doubtful loans showed a net incidence of 1,585 million euro, compared to the 1,229 million euro at the end of 2005, containing incidence on total loans close to 0.9%, with of coverage of approximately 67%.

Substandard loans, 3,178 million euro, recorded a 1.4% rise, with an incidence on total loans of 1.8%, and a degree of coverage exceeding 25%. Conversely, loans past due recorded a net decrease, on a net basis, of 45% to 393 million euro, with an incidence on total loans of 0.2%. Lastly, restructured loans showed a further erosion to 75 million euro.

The risk implicit in performing loans was calculated collectively on the basis of the risk configuration of the overall portfolio analysed via models which consider the Probability of Default (PD) and the Loss Given Default (LGD) of single loans.

Cumulated collective adjustments amounted to 1,093 million euro and represented an average percentage in excess of 0.6% of gross performing loans to customers. This ratio is deemed to be congruous to cover the risks of performing loans.

Direct customer deposits, inclusive of securities issued, reached 193,790 million euro with a 3.3% growth rate with respect to December 2005. The net interbank position showed a substantial increase in the debt position, which rose from 4.7 billion euro at the end of 2005 to 10.2 billion euro.

The Group's shareholders' equity, with the inclusion of net income for the period, amounted to 17,536 million euro, which included valuation reserves for a total of 974 million euro.

For further details on operations development in the first 9 months of the year please refer to the Consolidated report as at 30th September 2006 approved by the Board of Directors on 14th November 2006 and available on the website www.bancaintesa.it.

6.2 PROJECTIONS ON THE PERFORMANCE OF GRUPPO INTESA FOR THE YEAR 2006

During the last months of the year, the upward trend of interest rates, which already characterised the first nine months of the year, should further contain household demand for loans, with a far lower effect on corporate demand. In particular, corporates high growth rates are expected to remain stable both for short-term lending to fund operations and for long-term lending due in part to the positive trend expected for production capacity investments.

As concerns funding, trends under way should not significantly change in the next months, even though a slowdown in the rise in bond issues seems probable, together with a similar trend in long-term lending.

For full-year 2006, the banking sector is expected to improve the positive economic performances of 2005. A satisfactory growth rate is forecasted for interest and non-interest income while operating costs are expected to be in line with the forecasted rise in trading activities.

The ratio between operating margin and intermediated funds is expected to rise at year-end, after 4 years of continuous decline.

As concerns prospects for Gruppo Intesa, the results achieved in the first three quarters of the year permit to forecast that the growth objectives and the economic results for 2006 will be in line with the 2005-2007 Business Plan.

In particular, an improvement is expected for operating margin with a growth of revenues, a continuous attention to costs and an effective management of risks.

For revenues a positive contribution is forecasted for both net interest income and income from trading and services.

Operating costs, consistently with plan projections, will continue to be finalised at supporting the Group’s organic and external growth strategies which require an increase in investments and current expenses.

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